Friday July 7 1989

No.30,888

World News Bonn to pay ICI unveils East Germany plan for to combat pollution

The West German Government is to spend DM300m (\$159m) IMPERIAL Chemical over the next three years sup-porting East German efforts to reduce pollution, under an agreement signed by the two plans to spend £150m (\$23 countries in Bonn.
The accord, bailed as a "break The accord, danied as a "preag-through" by Mr Klaus Toepfer, the Bonn Environment Minis-ter, represents the most impor-tant example so far of East — West environmental co-oper-ction Page 49 ter fibre. Page 23 ation. Page 22

Warsaw-IMF deal The Polish Government has agreed the outlines of a defla-tionary plan for the economy with the International Monetary Fund leading to discussions on rescheduling of the \$39bn foreign debt. Page 2

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Flights East urged The West German Government is pressing the US, Britain and France to allow Lufthansa, the national carrier, to launch commercial flights between

Business backs LDP Japanese big business is rallying around the beleagured rul-ing Liberal Democratic Party in advance of elections to the

Diet's upper house. Page 4

East and West Germany on a trial basis. Page 2

Mugabe wins vote President Robert Mugabe's ruling Zanu-PF won the Dzivaresekewa by-election in Greater Harare with a comfortable majority in a very low

Kadar dies, aged 77 Former Hungarian Communist Party leader Janos Kadar, reviled during the early days of his 32 years in power but later praised, died aged 77. Obitnary; Page 2

Rome pacts collapse Christian Democratic Prime Minister - designate Ciriaco De Mita announced the collapse of his three-week attempt to form a new Italian Govern-

New media curbs The Sri Lanka Government extended censorship laws to

foreign media and security forces have been issued shooton-sight orders in a crackdown on Sinhalese radicals. Pacific links plan

Foreign ministers of the Association of South East Asian Nations responded coolly to proposals from Australia, the US and Japan for economic co-operation in the Pacific.

Gorkiy repair bill Repairs to the Soviet liner Maksim Gorkiy, which hit an Arctic ice pack, will cost \$14m.

China rejects charge China flatly rejected a US pro-test over an alleged incident in which troops fired a hail of shots into the Peking homes of foreign diplomats.

Jefferies fined Boyd Jefferies, the former stockbroker who helped bring about some of the largest US corporate takeovers, was fined \$250,000 for helping Ivan F. Boesky file false records.

Watergate for sale The Watergate complex, which gave its name to the scandal that ended Richard Nixon's presidency, is to be sold by the UK Coal Board's pension fund for \$71m.

Business Summary

£150m plant in Taiwan

Industries, Britain's biggest manufacturer and the world's fourth largest chemicals group on a new chemicals plant in Taiwan in a move which is the company's single higgest investment for a decade.

The plant is to make purified terephthalic acid (TPA), used increasingly in making polyes-

COPPER prices continued to decline on the LME yesterday. Three-month metal, which closed at £1.461.50 a toppe.

Cash metal Grade 'A' £ per tonne

dipped to £1,450 a tonne during the afternoon. Commodities,

OIL prices fell sharply on expections that striking North Sea oil platform workers would return to work at midnight last night. HONG KONG: Business survey

of local manufacturers found little confidence among its members in the territory's future after 1997. Page 4 SIEMENS, West German elec-

trical and electronics group currently involved in a disputed takeover bid for UK electronics group Plessey, announced details of its long-awaited management reorgani-sation. Page 23

PLANNED merger of the Canadian-based brewing operations of Molson Companies and Elders IXL, the parent of Carling O'Keefe of Canada, has been approved by the Federal Competition Bureau. Page 26

BUSINESS empire of Alan Bond, besieged Australian entrepreneur, was looking even shakier after shares in his companies succumbed to further selling on Australian stock markets. Page 26

CANADIAN Government expects to sell its 55 per cent holding in Air Canada, the national airline, for nearly C\$500m (\$418m). Page 26

SAAB-Scania's troubled car division achieved 2% growth in world sales for the first six months of 1989. Page 24

NEDILOYD, Dutch shipping and transport group, plans to acquire Union-Transport, West Germany road haulage company. Page 24

SKANDIA, Sweden's leading insurance group, and Svenska Handelsbanken, the country's second largest bank, are to establish a London-based finance company specialising in European management buy-outs. Page 24

ROBERT Bosch, West German vehicle equipment and electrivenice equipment and eactif-cals group, boosted group turn-over 11.5 per cent to DM14.8bn (\$7.7hn) in the first six months of 1989 compared with the first half last year. Page 24

INDUSTRIALISED countries have pledged to give \$3.5km over the next year in economic aid for the Philippines in the Multilateral Assistance Initiative. Page 4

TURNOVER in the new Danish futures and options market has been so low in the first half-year that broking firms have been asked to pay extra bills to cover the cost of the system, Page 28

Israeli crisis talks shelved after extremist crashes bus

By Hugh Carnegy in Jerusalem, Jihan el-Tahrt in Tunis and Llonel Barber in Washington

A LOOMING political crisis in Israel was eclipsed yesterday when 14 Israelis were killed and 27 injured in a bus crash deliberately caused by a Palestinian extramits. He was a political residual to the second structure of the second structure of

tinian extremist.

The incident, the most serious of its kind for 10 years, happened when an Arab shouting "Allahu Akbar" (God snouting Aliann Akbar (cod is Great) grabbed the wheel of a bus travelling from Tel Aviv to Jerusalem, plunging it down a ravine where it overturned and was engulfed in flames. Labour Party ministers and top officials in the country's coalition Government immediately postponed a meeting called to discuss whether they should pull out of the coalition

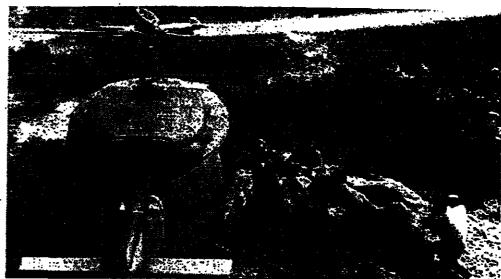
following the hardline condi-tions attached to peace propos-als for Israel's occupied territories by the Likud party of Mr Yitzhak Shamir, the Prime

The proposals were adopted

Labour Defence Minister, said Likud had "perhaps torpedoed (the peace pian) altogether." But for the moment at least, Mr Shamir can expect to rally public feeling around the shock over yesterday's bus disaster which happened around noon. The Palestinian responsible for the bus crash in a Jerusalem hospital.

Mr Shamir linked the incident to the 19-month-old Palestinian uprising in the West Bank and Gaza Strip.

The shock it evoked quickly defused the row facing Mr Shamir over concessions he made at a special Likud confer-Continued on Page 22



Rescuers remove bodies from a bus which crashed when a Palestinian passenger seized the wheel

More merger moves in prospect for accountancy world

By David Waller in London

THE WORLD of international accountancy is braced for its second major merger proposal in 48 hours. Touche Ross and Deloitte, Haskins & Selis are today expected to announce that they are in merger talks, the day after a similar declara-tion from Price Waterhouse and Arthur Andersen.

PW and Andersen yesterday announced that they were taking their first steps towards a link-up which would - if endorsed by the 4,640 partners at the two firms - create the world's largest professional services firm.

Observers suggested that Andersen and PW made a good fit in commercial terms but predicted difficulties as talks progressed, particularly in reconciling Andersen's approxsive "American" approach to PW's more discreet, "British" Nobody at Touche or

Deloitte was prepared to com-ment on the rumours swirling about the profession, and the joint statement from PW and Andersen was less than fulsome. But if the two mergers did take place, it would leave the accountancy industry dom-

between Arthur Young and Ernst & Whinney briefly created the world's largest firm, with combined fee income of \$4.24bn. PW and Andersen would have joint income of

The Touche Ross/Deloitte firm would have income of \$3.7bn while KMG Peat Marwick had revenues of \$3.9m.
Coopers & Lybrand, traditionally one of the dominant
players, would be relegated to
a distant fifth place with income of \$2.5bn last year.

The PW/Andersen statement said simply that the two firms

had "initiated formal discussions to consider the benefit to clients and the feasability of combining their worldwide practices."

were taking place to benefit from the "continuing rapid globalisation of world economies, the accelerating pace of tech-nological change, and the broad-based need for new ser-vices and investment." No partners were available

to answer questions yesterday, so it is not known to what extent the marger proposals have been circulated around the two firms. Confidentiality inated by four firms rather than the traditional "Big Eight."

The latest moves come only a fortnight after a link-up make any public comment dur-

ing the next 60 days.

The latest wave of mergers reflect an increasing tendency on the part of auditing firms to grow to meet the needs of international clients; there is a belief in the industry that a firm must be able to serve a multinational client with a

in whatever country it oper-In addition to the standard audit, these services include management and tax consultancy. Andersen is particualriy strong on consulting it is the world's largest consultant and its revenues in this area grew by 33 per cent to \$1.1bn last

standardised range of services

Another reason for the merg-ers is the meet to raise capital for expansion of businesses most senior partners, the talks other than audit. Auditing firms are still bound by rules which forbid them from having external shareholders, so capital tends to come from an expansion of the partnership. As independent firms, Touche and Deloite were the two smallest of the "Big Eight." Deloitte, auditor to the Bank of England, attempted a merger with PW in 1984 but

this was voted down by PW's UK partners. Lex, Page 22; One and one

Gorbachev seeks talks on Europe of 21st Century

By Ian Davidson and David Buchan in Strasbourg

PRESIDENT Gorbachev yesterday called for new East-West negotiations, modelled on the Helsinki conference of the mid-1970s, to map out steps towards a pan-European community of the next century.

The Soviet leader made his appeal in a long-awaited speech to the 23-nation Council of Europe at the end of his three-day visit to France.

He said there was increasing

urgency to convene such a Hel-sinki-type meeting within the next 18 to 24 months. "It is time for the present generation of the leaders of the European countries, and of the US and Canada, to discuss how they contemplate future stages of progress toward a European community of the 21st cen-

President Gorbachev's speech was clearly intended to set the agenda for such a negotlation, since it covered the gamut of issues negotiated at Helsinki – security and arms control, economic co-operation,

and human rights.

He stepped up the diplomatic pressure for early negotiations on tactical nuclear weapons.

"If it becomes clear that Nato countries are ready to join us in negotiations on tacti-cal nuclear weapons, we could, naturally after consulting, carry out without further delay

further unilateral reductions in our tactical nuclear missiles in Europe". However, Nato last night

implicitly rejected the Soviet leader's call for negotiations. Nato said the alliance had not changed its position set at its last summit in May when it decided to negotiate only a partial reduction in SNF weapons, once agreed cuts in conventional arms had been started. The tone of Mr Gorbachev's

nuclear arms control proposal was conciliatory, but the con-tent was clearly designed to draw Britain and France into a negotiating process which they have so far resisted. He reiterated the long-term Soviet aim of eliminating all line-tactical nuclear weapons, but admitted that this would be a stage-byern countries to join Moscow

in the search for a solution. He welcomed the Council of Europe's decision to grant the Soviet Union "special guest status". Henceforth, 18 members of the Supreme Soviet will he shie to attend and speak. but not to vote, at the Coun-

cil's parliamentary sessions.

Mr Gorbachev offered to accede to some of the international conventions of the Council, including those on the environment, culture, education, and television broadcast-Continued on Page 22

Smart start for the YSL set as shares cut a dash

D 8523A

By George Graham

STOCK markets go up when skirts get shorter, as the adage claims. But this year, fashion designer Yves Saint Laurent may have to push his hemilines up to the hip if he is to catch up with his own share price. The company's introduction to the Paris second market

had to be postponed yesterday, swamped by the oversubscrip-tion. Bids were placed for 103m shares, compared with only 400,000 shares on offer at a price of FFr853 (\$133) each.
"We thought that it might
be oversubscribed, but we
were not expecting these proportions. It is always agree-

able to know that you are in demand, but we are not losing our heads, "said Mr Jean-Fran-cis Bretelle, group finance director. Yves Saint Laurent will start afresh and relaunch the offer on Monday at the same price. But this time bidders will be required to deposit money in advance in an attempt to deter speculators in

search of quick profits.

The designer's new winter collection will be shown two weeks later, but the height of the hemline is still a jealously guarded secret.

The share issue capitalises Yves Saint Laurent at 18.8 times its forecast 1989 earnings of FFr175m and some bro-kers had thought the price a little steep for such a heavily borrowed company. Francois

Dufour Kervern, brokers to the issue, were more optimis-tic and estimated the shares to be worth FFr937 apiece.

The shares on offer will put 10.9 per cent of the company in the hands of the public, alongside the 37.3 per cent already placed privately with already placed privately with institutional investors. The fashion group's competi-

tors, for the most part, regarded the price as very rea-sonable.

radically from the small com-pany founded in 1961 by Mr Saint Laurent and Mr Piere Berge, the group's chairman.
Three years ago, it changed dimension – and pumped up group debt – when it paid \$630m to buy back the the Yves Saint Laurent perfume

business owned by Charles of

HERE

NOW!

the Ritz. For 1988, perfume accounted for 86 per cent of group sales of FFr2.63bn and 73 per cent of operating profits of FFr439m: the couture busin accounted for the balance.

Brady and Mulford underline US desire for a stable dollar

By Peter Riddell, US Editor, in Washington

THE US welcomed the sharp fall in the dollar in foreign exchange markets in the past 10 days but would like to avoid any large movement from around current broad levels,

senior US Government officials indicated yesterday.

The US desire for continued international co-operation to maintain the stability of the dollar was underlined in identical and conditional condit cal and co-ordinated state-ments by Mr Nicholas Brady, US Treasury Secretary, and Mr David Mulford, under secretary for international affairs. This was significant, not least because Mr Brady rarely speaks about the dollar.

The US wants to avoid a repetition of the sharp rise in the dollar seen in late May and June because of the potential adverse impact on the interna-tional adjustment process and any further reduction in the US current account deficit.

Mr Brady and Mr Mulford noted that the dollar was "at

Group of Seven (industrial nations) ministerial meeting in April, and our joint statement at that time still applies; namely a rise of the dollar which undermined adjustment efforts, or an excessive decline, would be counterproductive. We will continue as necessary to co-operate closely on exchange markets with our G7 counterparts."

Mr Muliord said the dollar was "more or less back at the levels" seen three months ago and the reaffirmation of the G? and the reaffirmation of the G7 statement favouring stability did not relate to a particular figure then or now. The dollar is still higher against the yen but lower against the D-Mark than in early April.

In London yesterday, the dollar traded quietly ahead of the release today of the US employment figures. It closed at \$1.62 against sterling.

against sterling.
The sharp rise in the dollar

had raised questions about the

reduce the temperature on that issue at the annual seven-nation economic summit in Paris starting in a week.
Nevertheless, the US is

determined to press for further adjustment of external imbalances which should be treated at the summit as a co-equal priority with inflation. Mr Mul-ford said recent data in the US ford said recent data in suggested that inflation was "well-contained. It is not a matter of undue concern." Brady said he thought the US economy was heading towards "a_soft_landing."

Speaking at a briefing ahead of the Paris summit, Mr Brady indicated that President George Bush might announce the use of recent American leg-islation to forgive certain official debts owed to the US by sub-Saharan African countries with World Bank and International Monetary Fund approved programmes.

Continued on Page 22 UN leader criticises "inadequate" Brady plan, Page 3

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MARKETS

Straits Times Index 1300 1150L INTEREST RATES

US hanchisme Federal Funds 97% DM1.8910 (1.8905) FFr6.4075 (6.4125) SFr1.6220 (1.6200) Y139.35 (188.90) (9%) 3-mth Treasury Bills: yield: 8.025% (8.015) Long Bond: 1083 (108%) yield: 8.094% (8.122) Bond: 10833 GOLD New York latest \$20.425 (-0.55)

w York kill \$1,62575 (1.6287) i andon: \$1,6220 (1,6195) DM3.0875 (3.0625) FFr10.3925 (10.8860) SF12.6300 (2.6225) Y226.00 (225.00) DOLLAR New York lunchtin DM1.8875 (1.8832) FFr6.3400 (6.3855) SFr1.6205 (1.613) Y139.45 (138.5)

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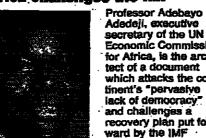
33,428.48 (+118.77) 1,830.2 (-13.9) Brent 15-day (Argus)

West Tex Crude

(August)

CONTENTS Africa challenges the IMF

23,24



Economic Commission for Africa, is the archiwhich attacks the conand challenges a recovery plan put forward by the IMF

Editorial comments Accountants in a panic; Mr Shamir's conditions Lex: Accountants; Air Canada; Water authorities: Coalité. -Well Street Letters

Management: Earning the respect of subordi-

effectiveness of the interna-tional co-ordination process and the recent decline will approximately the same level prevailing at the time of the

> Janes Kadam Long-serving leader who out-Miceragum Disco mix fails to keep wolf from Norways Seeking to boost arms sales and remain virtuous ..

Poland and IMF agree draft plan for economy

accounts by 1992

vate owners.

• the outright sale of smaller state-owned enterprises to pri-

The country remains in the grip of a political crisis, as General Wolclech Jaruzelski

General Wolciech Jaruzelski continues to hesitate over whether or not to stand for the post of President. A new Government is yet to be formed, and the newly-elected Parliament will be loathe to agree to measures which would lower living standards.

ralease of standby credits as soon as an agreement with the IMF comes into force. This runs against the Fund's

approach, which is to wait for a start to be made on imple-menting the programme before

At the same time the Fund is

looking to Poland to increase

THE POLISH Government has agreed the outlines of a sharply deflationary three-year plan for the economy with the International Monetary Fund. The plan will form the basis for discussion on an agreement to reschedule Poland's massive foreign debt, amounting to

An accord with the IMF is seen by Western governments and banks as central to further aid to Poland. The outline agreement comes as the Polish Government, still in disarray after the elections last month, prepares to welcome President George Bush on his vist to Poland which begins on Sun-

day.
in the course of his two-day visit, Mr Bush will be pressed by both government and Soli-darity leaders for increased

Western aid.
Mr Jamusz Sawicki, the Deputy Finance Minister, recently in Washington for talks with the IMF, told the Financial Times that formal talks with the IMF on the proposals would only begin once Poland's new Parliament had approved them.

Consultations between the Government and the IMF were expected to continue over the The three-year plan includes:

a cut in the budget deficit inflation levels, estimated to exceed 100 per cent this year. It also wants further cut in bud- freeing prices get subsidies and tougher mea-• the closure of loss making sures than hitherto employed to control waxes growth. • the balancing of external

Reuter adds: Mr Lech Walesa, leader of Solidarity and • the sale of shares in state the East bloc's first legal demo-cratic opposition, said yester-day he wanted an immediate meeting with President Misindustry - though with the public sector retaining overall control of large enterprises

the establishment of a stock

"I would go immediately," he said in a newspaper interview one day after Mr Gorbachev said in Paris that he saw no cle to a meeting.

Mr Walesa did not emisin why he wanted to meet Mr Gorbachev in the brief inter-view with the Solidarity newspaper Gezeta Wyborcza. But he has indicated for months that he wants to reassure the Soviet. Union about Poland's radical

"I don't want to go there to agitate or irritate but to seek derstanding for the Polish reforms . . . in a way that will not be suggestive or stir things up," he said in April.

Senior Solidarity sources say Moscow has been in favour of a time but it has been delayed by leaders of the Polish Commu-

Big budget overrun in store for

Greece By John Wyles in Athens

NEW Government's initial scrutiny of public finances points to a 1989 budget deficit which looks likely to exceed official targets "This is Pasok's brutal leg-acy for the economy," said Mr Anthony Saramas, Finance Minister in the New Democracy-Communist coalition which came into office last Sunday. In an interview yesterday with the Financial Times Mr Saramas accused the previous Socialist (Pasok) Government of over-estimating revenues in its budget forecast and of boosting public spending in the hope of engineering a victory in last month's general elec-

ground and the largest party, the conservative New Democracy, formed a coalition with the Communists to prepare for

ctions in October Mr Saramas, a 38-year-old Harvard-trained economist from New Democracy, said the forecasts being prepared by his ministry suggested that this year's budget deficit would be Dr1,900hn (£7bn) instead of the Dr1,400hn (£5bn) assumed in the budget forecast. The higher

deficit would amount to around 20 per cent of GDP. coming up are incredible," said Mr Saramas. "If you add in the deficit of state-controlled companies, then they become a

He said that Pasok's 1989 budget had assumed a 20 per cent rise in revenues, but until the end of May, these had risen by only 6 per cent. Govern-ment spending, meanwhile, would leap ahead in the second half of the year because of the soaring public sector salary costs caused by the addition of "tens of thousands" of people to the state payrolls in the

"The deficit is the main problem of the Greek econ-omy," said Mr Saramas. He acknowledged that the present Government would take no remedial action because the agreement with the Commu-nist side of the coalition ruled out any new policy initiatives in every sphere of government. The Government's declared aim is to "restore democracy," organise fresh elections and launch prosecutions against former Pasok ministers and

officials suspected of involve-ment in financial scandals. Mr Tzannis Tzannetakis, the Prime Minister, was expected yesterday to outline inquiries which will cover the embezzleent scandal at the Bank of Crete, allegations of missing chases, illegal wiretapping and

a grain sale scandal. CORRECTION

Marceau investissements

On page 11 of the annual survey on France, which appeared in the Financial Times on June 28: it was incorrectly stated that Marceau Investissements, the investment group of Mr Georges Pebereau, has 10 per cent of Alain Boucheron informs us that Marceau has no share in Boucheron's capital, but that Boucheron and Marceau investissements last year formed two joint subsidiaries for the development of sales outlets

Exasperated De Mita throws in the towel

ITALY'S Premier-designate, Mr Ciriaco De Mita, gave up efforts yesterday to form Italy's 49th postwar government, fol-lowing three weeks of talks with members of the former governing five-party coalition, AP reports from Rome. Mr De Mita, a Christian Democrat whose 13-month-old government collapsed on May

19, said he had informed President Francesco Cossign that he was unable to resurrect the Mr De Mita's attempts were apparently blocked by Socialist der Bettino Craxi, who had

raised a series of objections, the latest involving the inclu-sion of smaller parties in the governing coalition.
Mr Cossiga was expected to ask another politicism to try to form a government. If no one succeeds, the president might have to dissolve Parliament and call early general elec-tions. They had been scheduled

for 1992. The president's office announced that Mr Cossiga would begin consultations with party leaders on Saturday, and that "he intends to press for a solution to the government cri-

Mr Craxi, whose Socialists were the second-largest party in the government, refused to join any new coalition headed by Mr De Mita unless the small Liberal and Republican parties cut their ties with the Radical Party and its leader, Mr Marco

The Liberals, Republicans and Radicals ran on a joint ticket in European Parliament elections last month.

Mr Craxi has been jockeying for more power for his party, which has greatly increased in influence in recent years. The popular former premier brought down Mr De Mita's government in May by saying he had lost confidence in the premier's leadership.

The Communists, Italy's second leavest nearly bear.

ond-largest party, have been excluded from government for

Negotiations by a new pre-mier-designate could take sev-eral weeks. However, Italy is still a long way from a record for its longest period without a government: 126 days, set in April-August 1979 prior to the formation of a government headed by then Premier Cos-

Companies take upbeat view of world economy

By Tim Dickson in Brussels

A HIGHLY upbest view of global economic prospects is expressed in a survey of leadmanagers published yesterday by the European Commission. The survey, conducted in April and based on answers from almost 500 respondents in about 50 countries, suggests that imports and exports are set to expand in the next few months, that the investment climate throughout the world is still seen as favourable and will improve further over the next six to 12 months, that there is little or no expectation of further price rises "in the near future" and that interest

rate increases can be similarly discounted. The experts said that the US dollar was correctly valued

EUROPEAN COMPANIES with

expertise in controlling pollu-tion and managing hazardous

waste are less keen than their US counterparts on joining

together to improve the envi-

ronmental performance of pri-

vate industry.

That, at least, is the conclu-

sion that can be drawn from an

appeal for greater European

participation in the Interna-

tional Environmental Bureau

made by its executive director,

against their own currencies, though they felt that the German mark and the Japanese yen were alightly undervalued. Economic indicators for May also published in the June edialso punnated in the June sut-tion of the Commission's publi-cation. European Economy show "undiminished growth in the EC with no signs of the momentum slackening. "Domestic demand is still

the main driving force behind economic growth in the Com-munity, with investment munity, with investment playing the dominant role. But recently consumers too seem to have regained confidence in the economy. According to the most recent consumer survey and retail survey results, taking the average for the Community, demand for consumer durables is likely to rise."

Companies snub pollution body companies

independently run division of the international Chamber of Commerce. It was established So far, the IEB has 29 members, of which 19 are North three years ago to make available the latest industrial know-how on managing envi-American and only nine Euro-pean. Brazil's Cobrasma-FIESP makes up the count. The Europeans are Ciba-Geigy and the Anova group from Switzerland, Bosch and Henkel of West Germany, British Coal, Unilever, Asea Brown Boveri, Rhone-Poulenc and

Petrofina. Mr Wenger feels a total of

Bonn puts pressure on allies for early decision on trial flights

Lufthansa urges East German service

By David Marsh in Bonn

The WEST GERMAN Government is pressing the US, Britain and France to allow Lufthansa, the national carrier, to launch commercial flights between East and West Germany on a trial basis possibly as early as next month.

Bonn's eagerness for flights between Frankfurt, the main West German airport, and Leipzig in East Germany has discomfited officials among the western aliles, who still carry responsibility for air traffic between the east and west Ger-

man states.
As a result of legal procedures going back to the end of the Second World War, the war victors still have formal juris-

Pact aims

over cracks

By Lesiie Coliff in Berlin

meeting of the Warsaw Pact's Political Consultative Commit-tee, which opens in Bucharest today, brings together the leaders of the seven-nation

leaders of the seven-nation Communist alliance, which is displaying signs of growing internal dissension.

The talks in Bucharest, however, are expected to try to mask differences over political and economic reforms and concentrate on unifying issues such as disarrament.

and economic reforms and concentrate on unifying issues such as disarmament.

"Multilateral questions and not bilateral issues will be discussed at the meeting," Dr Istvan Degen, said yesterday. Dr Degen is a member of the Hungarian delegation to the summit led by Mr Ramō Nyara, the new head of the Hungarian party's collective presidency.

The Budapest leaders will thus not be allowed to air their deep grievances over the treatment of ethnic Hungarians in Romania which has led to a flood of refugees from Romania entering Hungary.

Talks between Mr Nyers and the Romanian leader, Mr Nicolae Ceausescu, on the tense relations between the two countries will also not take piace, Dr Degen said. Romania is completing a steel-mesh fence on the border to Hungary at the same time as Hungary is tearing down its fence on the border to Austria.

Mr Ceausescu attempted to obtain a meeting of Warsaw Pact leaders in Bucharest immediately before today's summit in order to criticise the lack of subharia, within the alliance.

The topics Bucharest pro-

The topics Bucharest pro-posed were the "future of

word for perestroika which Romania violently rejects, and

lacking support from its allies

at the recent Geneva Conference when Romania was

attacked for massive human

The Soviet Union said it

would support such talks, but only if all the other Pact mem-bers agreed, which Moscow was certain they would not.

FORMER Chancellor Bruno Kreisky was fined Sch 21,000 (2975) yesterday for calling the head of Austria's right-wing

Freedom Party a Nazi, Reuter

imposed the fine against Mr Kreisky, 78, whose remarks concerning Freedom Party chief Mr Jörg Haider were published in an Austrian

weekly magazine. Mr Halder became governor

Carinthian province in May after the party made

sharp gains in regional elec-

Austria's southern

reports from Vienna.

A regional court in Vie

Kreisky fined for

Nazi' allegation

rights violations.

to paper

When the Bonn Foreign Minis-try protested on Wednesday to the Soviet Union over Tuesday's incursion of the unpi-loted MiG sircraft, it theoretically should have done so only after consulting with the west-Some allied officials this week were annoyed that the Foreign Ministry pointedly did not consult the allies before making the Soviet protest - but

diction over the sir space across Germany's borders.

simply informed them of it Allied officials believe a new air service between Frankfurt and Leipzig could compete with routes between West Ger-

man airports and West Berlin. man airports and west norm.
This could therefore studing thy
endanger the visibility of Berlin
air routes which are conceived
as having both a commercial
and a strategic significance.
West German officials reject

Allied quains. They say that a planned Lufthansa service which would initially be im-ited until October between Frankfurt and Leipzig would carry supplementary traffic and would not divert passen-gers from Berlin.

Lufthansa and interfing, the East German airline, already stage Leinzig-Frankfurt flights at the times of the twice-yearly fair in the East German city. The West German aim is to

enlarge this service during the July to October period, above all to carry tourists to and from East Germany.

The differences with the Allies extend to the question of allowing Lufthansa to fly

directly to Berlin, in accor

dance with the long-held goal of Mr Heinz Ruhnau, Lufthansa's chairman.
Mr Ruhman, a Social Demo-cratic Party member who is a flerce uphalder of German national interests, repeated this objective at the company's annual meeting in Berlin this week. He said that the airline did not want to wait another 45 years for "normality" in West German air traffic. ers for "normality" in East-

orary position of purty chair-man, a position whose duties he rarely fulfilled because of

Illness. His treatment by his own party did not seem espe-cially cruel to Hungarians;

they never forgot his role in

November 1956, when he col-laborated with the then Soviet

ambassador, Mr. Yuri Andro-pov, to cust Mr. Nagy, who was yesterday declared imnocent by Hangary's Subreme Court. Whether his arged the Rus-slans not to kill Mr. Ragy and

480 other associates is still unclear; Moscow remains

reluctant to release all the doc-

uments connected with the

Soviet role in 1956. But one

senior Hungarian official

remarked recently that the Russians would have executed

However, new revelations about the events of 1956 and

The climax of the recent rev-

elations came earlier this year,

however, when Mr Imre

rank of a hero by ordinary

Perhaps it was the deeply

them anyway.

E European alarm grows over events in Poland

By Lesile Cottt in Berlin and John Lloyd in London

EAST EUROPEAN
governments — hardine and
reformist — are reacting with
alarm to the growing crists in Wersaw over the Polish Communist party's inability to agree on a candidate for President. However, the Soviet Union is treating the matter with similar and the carried and th with studied calm. The orthodox leadership in

The orthodox leadership in East Berlin is nervously eyeing developments in Poland which it fears could lead to new instability. Mr Erich Honecker, the East German leader, trusted General Wojcisch Jaruzelski, the head of the Polish party, after he declared martial law in December 1981 and outlawed in December 1981 and outlawed the Solidarity union.

Hut East Germany was com-pletely taken by surprise when the general last week suddanly withdrew his candidacy for the enhanced post of president because he could not be assured of a majority of votes

in the party.

Just before the general's announcement, Mr Joachim Hermann, a key member of the East Berlin polithuro, told the central committee that the heartfelt, friendly relationship" between Mr Honecker and Gen Jaruzelski was the pledge of continued close ties between the two countries in the future. Mr Herrmann said the new presidency in Poland was a guarantee that the "social orders" in the two countries would co-operate in the "spirit of a closer alliance." Shorn of party jargon this meant the strengthened Polish presidency was seen as vital in preventing the opposition Soli-darity movement from openly

assuming political power.
Gen Jaruzelski's personal choice for president, General Czeslaw Kiszczak, the Interior Minister, is much less highly regarded in East Berlin, where tegarded in East Bearin, where he is remembered as the man who repeatedly negotiated with Solidarity and who is thus tainted with liberalism.

The only item from Poland in the East German party

in the East German party newspaper, Neues Deutschland, on Monday spoke ominously of a meeting of the Polish Defence Ministry's Military Council at which the tasks of the armed forces in the present situation were discussed. The report said the council expected that the future Polish president, as commander in chief, would be a "competent personality" who could guarantee the security of the state.

In Budapest, a reform-minded Hungarian party official said he was concerned that the reforms in Poland could be undermined by the current political crisis. He noted that the "power relationships" in Poland had not changed despite the party's recent moral defeat at the polls. "The well-organised Polish army and police forces are capable of making a decisive move if all else fails," he remarked. Hungarian diplomatic

started to appear in the Hun-garlan media. Some are about Mr Kadar's own past: he admit-ted in a recent interview that sources yesterday contrasted the "depth" of the Hungarian political reforms - which have he had "trusted" Mr Matyas Rakosi, the party's Stallnist general secretary in the late 1940s whose deputy he was, until the show trial on already seen a commitment by the Socialist Workers' (Com-munist) Party to hold free electrumped up espionage charges of Mr Laszlo Rajk, the Hungar-ian Foreign Minister and for-mer Interior Minister. tions next year - with the reluctance of the Polish party to concede power to opposition forces. They say that this ten-sion between a conservative Mr Kadar himself was party and the desire for change creates a potentially unstable arrested in 1951 by the head of the dreaded AVH secret police who acted with Mr Rakosi's approval. He was accused of ties with a police officer of the pre-war right-wing regime of Admiral Miklos Horthy. He was sentenced to life

Senior Soviet officials have. by contrast, appeared serene in face of a process which Mr Mikhail Gorbachev is said to

have approved.
Speaking in Paris on Monday, Mr Vadim Zagladin, a central committee member and in was sentenced to me imprisonment but was released in 1954. Recently, he said of his searing experience that he would have preferred 12 years as a communist in a capitalist prison to 12 months in a communist prison. foreign policy adviser, said it Tuesday, Mr Eduard Shevard-nadze, the Soviet Foreign Minister, told the Guardian news-paper: "If Solidarity forms a government in Poland, the Soviet Union is ready to accept Pozagay, the politiono's most radical reformer, said that what had taken place in 1856 such a development."

The reaction from East Gerwas a genuine "uprising" and had been justified. His remarks were the first step in what led last month to the virtual rehabilitation of Mr Nagy by the party and his elevation to the rank of a here by ordinary many forms part of a discernible pattern of comment from the hardline states — Albania, Czechoslovakia, East Germany and Romania - to interna-tional events in recent weeks.

All have published similar responses to the Peking massa-cres (approval) and the rebu-rial of, and homage to, the exe-cated former Hungarian Prims Minister, Mr Imre Nagy (disapproval). FINANCIAL TIMES

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moving state ceremony on Budapest's Heroes' Square last month, at which Imre Nagy and his closest aides were mourned by the nation and then reburied, that hastened Janos Kadar's death.

Published by the Financial Times (Rurope) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, aut, as member of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societasts-Druckrei-Canbill, Frankfurter Main. Responsible editor: St. Gooffrey Oven, Financial Times, Number One Scatthwart Bridge, London SH 9HL. et The Financial Times Ltd. 1989.

FINANCIAL TIMES, USPS No 190540, published daily except Sundays and hohdays. US subscription rates \$365.00 per annum. Soond-class postage and at New York NY and ar additional notifing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 19022.

Financial Times (Scandinavia) Ltd., Ostergade 44, DK.-1100 Copenhages K., Denmark. Telephones (01) 13 44 41., Faz. (04) 935335.



OLD COMRADES: Keder (right) with Bresimey on holiday in the Crimes in 1981.

OBITUARY - JANOS KADAR

A long-serving leader who outstayed his welcome

MR JANOS KADAR, who died yesterday at the age of 77, underwent several remarkable transformations in the eyes of his countrymen during his 31year-rule as head of the Hun-garian Socialist Workers'

(Communist) Party.

At first he was seen as a traitor a Soviet placeman, who betrayed the Hungarian uprising of 1986 under the legendary Prime Minister, imre Nagy. Mr Nagy's triumphant reburial last month was one of the last important public events of which Mr Kadar could have

been aware. From a nadir of popularity, he gained a grudging respect for the gradual liberalisation he began in the early 1960s. His reforms, playing on his percep-tion that he could enjoy a car-tain freedom of action from Soviet leaders who owed him a large favour for keeping Hun-gary within their ambit, gave Hungarians greater personal freedoms and higher consump-tion levels than most other

East Europeans.
But the carefully-dosed liberalisation fed a reform movement which finally penetrated the top party echelons and swept him out of office at the congress in May of last year. His hold on power in the early 1960s, however, was firm. Mr Kadar had been able to eliminate his Stalinist opponents in the politicuro and cen-tral committee, and his admin-istration was loyal; indeed, it

gave the appearance of diversity, since dissent was encouraged before a decision on policy was taken.

The ultimate praise for the Honogrian was taken. Hungarian way came from the Soviet leader, Mr Nikita Khrushchev, who had previ-ously ordered the 1966 uprising to be crushed, and who in the 1960s lauded the "goulash" socialism of his Magyar allies.

The subsequent Hungarian reforms of 1968, hnown as the New Economic Mechanism, were in fact the work of the economist Mr Resso Nyers, now president of the Commu-nist Party. They received Mr Kadar's backing, but pressure from both the party's conserva-tives and the Brezingv leadership in Moscow forced him to sack Mr Nyers from the polit-buro in 1972. Although he was ised however that the Stalinist-type command economy had reached a dead end. The reforms could not have

opposed. The conservative reaction against them, how-ever, was contained and the mechanism resumed its momentum in the late 1970s. It was said at that time that Mr Kadar was the only East European leader who might even have won a genuinely free election, though he never

Czechoslovakia - joined by

Hingarian troops, whose use Mr Kadar later claimed he

It was said in the late seventies that Mr Kadar was the only East European leader who might have won a genuinely free election though he never chose to test his popularity

chose to put his popularity to the test. It began waning in the mid-1980s because of the counmin-1990s because of the country's worsening economic affu-ation, but in the West, Mr Kadar continued to be dubbed "Mr Hungary", feted in West-ean capitals at the same time that he was being ridiculed at home as a garrulous, bumbling

come after him, one come He might have gained respect had he stepped down voluntarily. But he hung on too long, receiving significant marks of Soviet coolness once

Perhaps the coolest moment came during a recent visit to Moscow of "fraternal" Commu-nist leaders: Mr Kadar had the worst box in a Moscow theatre, and a mere 15 minutes conversation with Mr Gotbachev the next day, described by the Soviets as "frank". Mr Károly Grósz, evidently the Moscow-preferred succes-

sor, began to make coded speeches suggesting his removal. On May 16 1988, the polithuro removed him from the post of general secretary, and the closely-following party conference deprived his old guard supporters of polithuros. guard supporters of politiburo Mr Kadar was given the hon-

figure. He was the butt of Budapest's cabarets. When asked which political leader would impersonating Mr Kadar replied: "Comrade Deluge".

Mr Mikhall Gorbachev began inaugurating a more radical reform in Moscow.

begun at a more insuspicious and dangerous time. Soviet around 50 would be adequate and manageable.

Swedes grow more confused about relations with the EC

less, rather than more, positive in their attitude to the European Community despite an intensification in the national

debate about relations with An opinion poll yesterday in the leading business newspa-per, Dagens Industri, reported that only 27 per cent of people questioned said unequivocally

that Sweden should join the

THE SWEDES are growing EC, compared with 29 per cent a year ago. A mere 5 per cent supported a customs union with the EC, an idea discussed widely a few months ago. It is true that 22 per cent said "yes perhaps" to the ques-tion whether Sweden should

move closer to the EC and a

further 24 per cent were uncer-

tain, while the actual propor-

tion opposed to any conver-

gence was the same as last

ronmental matters to small

and medium-sized companies and to Third World enter-

Its members are select. They

have to commit themselves to

sharing their know-how in pol-

lution control, waste recycling and environmental control

Mr Walter Wenger. and environmental control
The Geneva-based IEB is an systems with less advanced

year, at 15 per cent, and a fur-ther 12 per cent said "probably not'

But considering the quicken-ing public discussion about Swedish-EC relations this year. the survey suggests there is still considerable doubt and Nearly three quarters of

16 per cent actually thought Swedes would be better off, compared with 19 per cent a year ago. Surprisingly the issue of Sweden's political neutrality - often raised by the Governthose questioned did not know-what the effects of EC member-

ment as a serious obstacle to any suggestion about EC mem-bership – does not appear to worry most Swedes. More than half said neutralship would be on Sweden. Only ity was probably or definitely

ship, while just under 20 per cent thought it was. cent mought it was.

The apparent low level of public interest in the issue, however, may be deceptive. At the moment the government is playing an important role in rying to strengthen the European Free Trade Association as a bargaining force with the Apart from the right-wing

not a hindrance to member-

an issue of the possibility of the country joining the EC. For the time being, the Swedish national consensus is to push through domestic changes in parallel with the creation of the European Community's single market but not to accelerate the process by raising the membership ques-

Moderate party, no political forces in Sweden are making

By John Barham in São Paulo

BRAZILIAN Finance Ministry officials admitted yesterday that poor planning had led to being compiled but will not be serious mistakes in implementing the decision this week to delay payments to foreign cred-

itors and investors.
Brazil had declared on Mon-

Brazil had declared on Monday that it would ration payments to foreign creditors and investors, so as to safeguard its official reserves.

The Central Bank failed to make \$812m in interest payments to government creditors of the Paris Club. The payments were due on Monday; the ministry now says they will be made next week.

A senior official described as bad luck that such a large

The state of the s

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"bad luck that such a large payment was due at the begin-ning of this process. It was a mistake to delay payment; it is not our intention to suspend any payment to the Paris Club."

"speculative transfers" of funds abroad by companies would no longer be tolerated. A government official said: "The Central Bank is implementing to clarify."

made public.
Another ministry official admitted that the new debt policy still lacks detailed planning. The official added: "We held a number of meetings. with other agencies over the last two to three weeks to discuss this. However, precise decisions could not be taken

because everything was leaking out."

Financial markets had wind of the 12 per cent currency devaluation last week and newspapers published secret papers that discussed delays in navments.

officials have spent all this week in meetings to plan the next stage in the country's

debt policy.
Officials said discussions

any payment to the Paris Club."

As a rule, debtors place a higher priority on honouring loans to official lenders than to private banks.

The Central Bank said yesterday that reserves at the end of the first quarter stood at \$7.4bn, but the Finance Ministry says reserves have since fallen by about \$1.5bn.

The ministry warned that "speculative transfers" of "We have not decided on any-

EC ties aid to Central **American** democracy

By William Dullforce in Geneva

THE EUROPEAN Community has told five Central American has told five Central American governments that EC financial backing for the region's \$4.4hn Plan of Economic Co-operation (PEC) depends on progress there towards "political plu-ralism and democracy". One Central American min-

ister interpreted this to mean that there will be no firm EC

that there will be no firm EC commitment before a free election in Nicaragua. An election is due there in February.

The EC reservation was voiced during a three-day meeting here, at which ministers from Costa Riea, El Selvador, Guatemala, Honduras and Nicaragua sounded out industrialised countries and international agencies on funding for the PEC.

The Europeans were not

The Europeans were not completely negative. Spain said it was prepared to increase its aid to the region by firree to five times in the next four years. Italy had earlier committed \$115m to help displaced persons.

Moreover, the Europeans and other potential donors

and other potential donors agreed to meet the ministers again in Honduras, in August, to study in greater detail some of the PEC projects.

Managua's disco mix fails to keep wolf from door Tim Coone reports on inequities in the volatile Nicaraguan economy

bizarre and opulent creation of Nicaragua's confusing to anyone trying to interpret the enigmatic working of Nicaragua's economy. last month, this state-owned discotheque is reputed to be one of the best in Central America. It is a result of considerable investment of scarce resources by the Tourism Ministry, the objective being to mop up some of the ever-increasing cash among Nicaragua's better-heeled young.

The entry fee is about a fort-night's pay of an appearance work.

The entry fee is about a fortnight's pay of an average working man or woman. The government's new market-based
approach to prices, in an effort
to rescue the war-ravaged
economy, has slashed real
wages in the past year and
caused an ever-growing concentration of declining wealth
in the hands of producers and in the hands of producers and entrepreneurs. Tickets to the opening night of Lobo (meaning wolf) Jack were sold out.

Just a beer-bottle throw across the road from the laws.

light-shows are the run-down offices and printworks of Barricada, the ruling Sandinista Front's newspaper and mouth-piece of the revolution. The wages in the past year.

GDP growth (%) inflation (%) Trade deficit (\$m) Fiscal def (m Cordobas)

OBO Jack is the latest contrast is as striking as it is

interpret the enigmatic work-ing of Nicaragua's economy. "We don't want more money to go to concerts or disco-theques — we just want enough to eat," complained a teacher in a public meeting with President Daniel Ortega last month, as a wildcat strike by teachers threatened to spread throughout the country and shatter the government's grip on the union movement.

grip on the union movement.

Several weeks ago, riot police tear-gassed protesting taxi drivers, the latter having rejected a deal with the government by their union leaders to ease the effects of a doubling of the petrol price.

Supermarket prices have also doubled, after a 52.5 per cent devaluation of the currency. Since then, the government has announced a 50 per cent pay rise, but a Nicaraguan shopper knows this translates into a 25 per cent loss in purchasing power in the space of a few days. This comes on top of a loss of more than 50 per cent in the purchasing power of

NICARAGUA'S SHATTERED ECONOMY 1980 1981 1982 1983 1984 1985 1986 1987

1.1 5.3 -0.8 4.6 -1.6 -4.1 -0.6 1.7 35.3 23.9 24.8 31.0 35.0 220.0 681.2 911.9 352.5 414.2 317.5 349.3 413.9 498.7 479.3 539.0 1.4 2.6 5.7 10.3 10.6 25.3 64.2 334.6

Government efforts to control inflation through wage stringency and spending cuts had met success in recent months, average consumer prices having risen by only 15 per cent during May, compared to more than 100 per cent last December.

However, the refinancing of agricultural loans, the urgent need for credit by farmers to begin the new crop-sowing and a lack of the wherewithal to a lack of the wherewithal to finance them resulted in a sudden increase in the money supply towards the end of May as the Central Bank pumped credit into the finance system. To have falled to do so would have precipitated a political crisis with the private sector and a potential collapse of production of stable greens and duction of staple grains and

export crops.

The cash injection, however, also helped fuel the black market for foreign exchange, through which many produc-ers have to buy machine spares. In efforts to keep pace with the black marketeers, large adjustments in the sec-ond-tier parallel market were then made by the Central

in February.

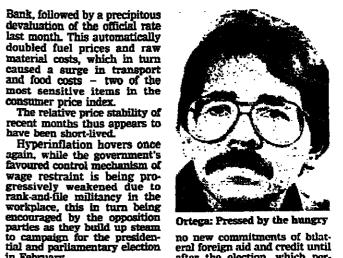
Medium-term hopes to stabilise government finances have been dashed by the very limited success of Mr Ortega's tour of 10 western European countries in May. Only \$50m of the \$250m sought was pledged, and even that has still to be disbursed. Dr Alejandro Martinez Cuenca. Planning and Bud-

doubled fuel prices and raw

Hyperinflation hovers once

have been short-lived.

nez Cuenca, Planning and Bud-get Secretary, has tacitly admitted that the shortfall of \$200m is a principal factor behind the latest money supply surge, and that to put the gov-ernment's economic stabilisation plan back on track will require substantial external



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ភាពស្រះ។ ការការប្រជា ភាពសាស្រះ والمحي فولأأأي

no new commitments of bilatno new commitments of oust-eral foreign aid and credit until after the election, which per-ception points to growing instability in the economy in the remainder of 1989. "It is difficult to imagine

what the Sandinistas might pull out of the hat now to pre-vent a further decline in the economy and their political support during the remainder of the year," said Mr Carlos Cuadra, a left-wing opposition National Assembly member. However, he added: "Most probably they will start building up reserves now, by being even more austere in the next require substantial external consumer boom before the election. I suspect we'll be eating turkey by Christmas."

UN leader criticises 'inadequate' Brady plan

By William Duliforce THE BRADY plan for dealing The fights by industrialised with the international debt cri-sis is inadequate and too slow, well-founded but the two mech-Mr Antoine Blanca, UN anisms used — high interest Director-General for Develop- rates and low raw material

the renewal of sustained eco-nomic growth among the heavily indebted countries and remedies had to be found within six months.

involving world security.

Anger was rising in the indebted countries. Argentines could not understand that. however much they increased their exports to pay their debt, these were never enough.

The director general — second in the UN hierarchy to Mr Javier Pérez de Cuéllar, the Secretary-General – praised the plan, which is named after Mr James Brady, US Treasury Secretary, for moving in the right direction. However, he criticised it for sticking to the case-by-case approach to debt restructuring. It was not sufficient to try remedies in one country and then see if they could fit others, he said.

ment and Economic prices – were profoundly neg-Co-operation, said in Geneva ative for nations in the poorer

yesterday.

UN studies showed that a debt reduction of 40 to 50 per cent would be needed to ensure

South.

At the Paris summit next week, the leaders of the seven main industrialised countries should lay the ground for a better policy towards the devel-oping world, Mr Blanca said.

Mr Blanca warned that the The chairmen of most banks debt problem was an enormous, delayed-action bomb, and that more and more people bank creditors met on Wednesday and discussed increasing an offer of debt reduction to 35 per cent from 30 per cent, but did not make a proposal, Bankers said the committee

was split, with someKuropean-banks, in particular the French, opposing a 35 per cent debt reduction offer for Mexico, whose debt settlement is expec-

whose debt settlement is expec-ted to provide a test case for the Brady initiative.

Some suggested the chair-men's meeting was convened after Mexico had offered fresh signs of compromise. "We understand Mexico may have dropped to 40 per cent, and indicated it could move towards 35 per cent," one said. towards 35 per cent," one said, referring to Mexico's request

Caricom team to visit Haiti

FOREIGN ministers from four Caribbean Community (Caricom) countries are to visit Haiti, following indications "that a process of reform" has been promised by its military government, Canute James reports from Grenada.

The community is planning to assist the Haitian government in organising and supervising promised elections.

During their annual meeting here, leaders of the Caricom countries said they were pleased with commitments by the Haitian government to

the Haitian government to allow installation of an elected

US-UK deal on customs data

William von Raab signed an winam with Britain yesterday to simplify procedures for exchanging information on drug trafficking, commercial fraud and other customs materials. ters, AP reports from Wash-

A Customs spokesman said the Mutual Assistance Agree-ment, "for the first time, pro-vides a legal basis for intergovernmental co-operation that has been going on informally for years. He said similar

LA stockbroker sentenced on Boesky evidence

By Roderick Oram in New York

Los Angeles stockbroker, was sentenced yesterday to five years probation and fined \$250,000 for securities law vio-lations involving Mr Ivan Boesky, the disgraced Wall Street speculator. Mr Jefferies had pleaded

guilty in April 1987 to two charges of violating recordkeeping and margin require-ments, but his sentencing was delayed while he co-operated

with the authorities.

Having pleaded guilty, he left the securities firm he hadfounded and moved to Aspen, high society's ski-ing centre in Colorado. There he established

Boesky supplied to the govern- jail term.

US CUSTOMS Commissioner

agreements were being negoti-ated between the US and other trade partners.

MR BOYD Jefferies, a former ment led to Mr Jefferies's con-Los Angeles stockbroker, was viction, so in turn his testi-sentenced yesterday to five mony led to the conviction last month of Mr Paul Bilzerian, a Florida corporate raider, on nine charges of breaking take-over laws.

In semencing Mr Jefferies in New York, Judge Morris Las-ker said it was important to send a message to the financial community about the penalties of criminal activities. But Mr Jefferies's crimes had been less serious than those of others, such as Mr Boesky, and he had not traded on inside informa-

Mr Jefferies had faced a maximum of 10 years jail and a a golf camp for under-privileged children.

He is banned for life from the securities industry.

Jefferies Group is still an active market-maker and big block trader, particularly after US east coast markets close.

Just as information Mr Boesky is serving a three-year fail term.



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OVERSEAS NEWS

Japanese business rallies round beleaguered LDP

By Stefan Wagstyl in Tokyo

JAPANESE big business is rallying around the belea-guered ruling Liberal Democratic Party in advance of elections to the Diet's upper house later this month.

Shocked at the party's drub-bing in this week's municipal elections in Tokyo, business leaders are closing ranks behind the party. In particular, a handful of senior businessmen who loudly criticised the LDP over its involvement in the Recruit financial scandal

has gone quiet.
Chief among them is Mr Takashi Ishihara, chairman of Nissan Motor, the car maker, and of the Japan Association of Corporate Executives. Throughout the Recruit affair he was a persistent critic of the LDP leadership and one of the first public figures to demand the resignation of Mr Noboru Takeshita, the former prime minister, who eventually quit early last month.

Immediately after the results of the Tokyo election were announced, Mr Ishihara was quoted as saying the opposi-tion would now play a bigger role in Japanese politics. But a day later he said he had been

misquoted. Business leaders feel there is nothing fundamentally wrong with the political system, which has served Japan well. in their view, since the Second World War. However, they acknowledge that the Recruit affair, which involved Mr Hiromasa Ezoe, a self-made businessman, buying favours from politicians, highlighted abuses

which have to be stamped out. "Recruit is considered as abnormal," said Mr Katsunosuke Maeda, president of Toray Industries, the textiles and



Susuke Uno, the Japanese Prime Minister, gains in glamour yesterday with Yoko Izumi, the Rose Princess of Fuknyama

Reform was needed to make the system of political fundraising more transparent, as it was in the US. But, Mr Maeda was in the U.S. But, for master added, there were limits to how far reform should go. "In the case of a building, if we don't allow any space for flexibility the building may be too rigid and cracks may appear." Toray itself made contribu-tions to politicians but had "hardly ever" asked for anything in return except for the occasional meeting with a min-

ister, said Mr Maeda. Businessmens' greatest fear is of the disruption caused by instability in politics. They believe they have already suf-fered because of the near-paral-

which meant demand for such

Kong is sensitive because of its potential implications for confi-

dence in the colony following the recent unheavals in China,

which resumes control of Hong Kong in 1997. The issue has already become a matter of dis-

cussion between the UK and

taken note. In a separate

response to inquiries yester-day, it acknowledged that a

of a recruitment campaign

begun last year in the US,

though even before that date

40 per cent of those interviewed had said they

wished to emigrate.

Manufacturers, many of

Some Singaporean projects, such as the new airport termi-nal, are believed to have been

delayed as a result of the exo-

dus of foreign workers.
Last month Indian officials

warned of possible "grave con-sequences" if nine of its citi-

zens were caned for remaining

illegally in Singapore and dip-lomats hinted that a future Singapore trade mission to

India might have to be post-poned. Singapore has pointed out that the caning takes place

Earlier this week President

Wee Kim Wee of Singapore

said the nine Indians would

not be caned but would have to

serve their jail terms. The Thai Government hopes a similar petition on behalf of its citizen

A spokesman for the Interior Ministry in Bangkok said yes-terday that 5,000 workers would be ready to leave for

Singapore on July 14 if the can-ing order was withdrawn. The Thai authorities would

also like to see tougher mea-sures introduced against Singa-pore employers and job agen-

cies who knowingly provide

work for or recruit illegal

will also prove successful.

under medical supervision.

business

Australian governments. Canberra was said to have

Recruitment from Hong

people was intense.

ysis which has affected government ministers. They read foreign exchange market reports which say one of the reasons behind the yen's recent weakness has been the LDP's inability to appoint a

credible prime minister.
Most of them believe that the quickest road back to political stability is a recovery of the the fortunes of the LDP. Mr Maeda said opposition leaders lacked the experience to form a

So the best thing was for the LDP to put the Recruit affair behind it, he said. It was not vital that the LDP had an outright majority as long as a coalition could be formed with

US fiscal policy 'key to economic stability'

Robin Pauley on a new report which blames the US not Japan for trade imbalances

HE main burden for correcting imbalances on leading economies' current accounts should now fall on fiscal policy, especially US fiscal policy, as exchange rate changes alone will not lead to any effective corrections, according to a paper published in New York and London today by the Group of Thirty, the economic and financial think-

The paper by Dr Masaru Yoshitomi, director general of the Japanese Government's Economic Research Institute, says the burgeoning current account surpluses in Japan during the 1980s are attributable largely to the expansion of the US current account deficit rather than to developments within Japan.

He cites US trade in manufactures between 1981 and 1986 which deteriorated uniformly and proportionately across both goods and countries.

The export and import share of each trading partner in US total exports and imports remained largely unchanged from 1981 to 1986.

For example, US imports of goods from Japan accounted for 25 per cent of merchandise imports in 1981 and 27 per cent in 1986; imports from Europe were 22 per cent in 1981 and remained the same five years

The US deterioration with the Asian NICs (Singapore, Hong Kong, Taiwan and South Korea) was also proportionate. The main disproportionate change in favour of the IIS was with Canada but this was more than offset by a disproportion-ate deterioration with the less developed countries, mainly in Latin America.

This pervasive deterioration of the US trade balance across major categories of goods and trading partners and regions strongly suggests both that the

origin of the deterioration was in the US and that the international payments imbalance which emerged after the early 1980s was macroeconomic in nature rather than microeco-nomic," the paper says. Dr Yoshitomi dismisses the

link which is often assumed between the high level of savings in Japan and the external surplus. Household savings, at around 16 per cent of disposable income, are very high by international stan-dards but they cannot alone be responsible for Japan's exter-nal surplus, which is the equiv-alent of total domestic savings (not just household savings) minus total domestic invest-

During Japan's high growth periods, the domestic savings rate was high but these savings were fully absorbed by high domestic investments, occasionally even resulting in external deficits.

This was followed by a chronic external surplus in the late 1960s and early 1970s, made worse by the increas-

ingly undervalued yea.

But during the 1970s the pattern of domestic savings investment balance changed as the excess of the corporate sec-tor's investment over its savings (that is, its profits) declined by around 3 per centof GNP, mainly because Japan's economy moved from a high growth rate of about 11 per cent a year to a more modest 4 to 5 per cent a year.

Any potential surplus, how-

Any potential surplus, however, was mopped up by the oil deficits caused by the two oil shocks and by increasing general government deficits.

During the 1980s the external surplus has increased again to about 4 per cent of GNP. While both household and corporate basing last increased. savings have also increased, the rises have been modest. Dr Yoshitomi also notes that

there has been an increasing tendency for Japan to supply its excess domestic savings to the world economy.

He says this can only contime to be a productive aspect of world economic development, based on sustainable current account surpluses, if the US takes corrective fiscal

Dr Yoshitomi estimates that a reduction of the US budget a reduction of the US budget deficit by \$150m a year for five years would lead to a US current account deficit of I per cent of GNP and a Japanase surplus of about 1.5 per cent of

This could be achieved with out any further real terms: out any further real ferms
exchange rate changes.

Japan's Savings and External Surplus in the World Economy, Masaru Yoshitomi, Group
of Thirty, 277 Park Avenue,
New York, NY 10172, or 32 St
Mary at Hill, London EC3P
3AJ, \$10 or 27.

\$3.5bn economic aid for Philippines in coming year

INDUSTRIALISED countries have pledged to give \$3.5bm (£2.2bm) over the next year in economic aid for the Philippines in the Multilateral Assisance Initiative – an international programme dubbed a mini-Marshall Plan. The World Bank, which

leads the aid-giving consor-tium, said the flow of funds under the programme could total \$14bn over four years. The pledges were made on Wednesday, the final day of a multinational conference held in Tokyo to launch the plan, attended by six international organisations and 19 nations, including the US, Japan and

European Community coun-The plan was originally put forward in 1987 by the US, which wanted to share the financial burden of supporting the Philippines with other industrialised countries, especially January

cially Japan.
The aid, mainly in the form of soft loans topped up with some grants, will be used for wide-ranging measures to modernise the Philippines' economy, including agrarian reform. The package has been put together following consid-erable criticism from some donor countries of economic progress in the Philippines.

The original plan for the assistance programme envis-aged donors committing funds for a multi-year scheme. But Japan, among others, insisted that more frequent reviews were necessary. As a result, funds were pledged on Wednesday for one year only, although with the understanding that given satisfactory progress, donors would continue contributing in future years. The donors agreed to

monitor progress.

Speaking after the conference, Mr Boberto Villanueva, chairman of the the co-ordinating council of the Philippine assistance programme, said the commitments were a sign of strong support for the gov-ernment of Mrs Corazon

Aguino.

Among the donors, Japan pledged the largest amount with Y135tm (2600m), against Y107ha in bilateral aid last year. The 1989-90 figure includes Y20hn in grants and Y115hn in soft loans. The US gromised \$200m over the next year in addition to \$480m already promised ever the next two years. The EC countries will put up about \$350m.

Meanwhile, Japanese officials have given more details of the Third World aid package they intend to unveil at

soft loans.

the Paris summit of Western

They said Japan was Meely to reveal plans to beef up its programme for recycling its trade surpluses to developing countries from the current countries from the current scheme of disbursing \$30hn over the three years to March 1990, to one involving \$30hn over the two years from April 1990. The funds are mostly

Japan would also give about \$600m to the poorest countries of Africa in grants over the three years starting from April 1990, against \$500m in the current three-year programme, which ends next March.

Bhutto seeks

from Britain

BRITISH businessmen were

yesterday urged by Ms Benazir Bhutto, Prime Minister of

Pakistan to invest in her country and help to establish sophisticated industry.

She also told a joint conference of the Confederation of

British Industry and the British and South Asian Trade

Association that Pakistan's

tourism potential was vast and

day of a one-week visit to

Britain during which she hopes to secure increased investment

and aid for Pakistan, also spent

just over 30 minutes with Sir

Geoffrey Howe, the British For-

eign Secretary. They discussed Afghanistan and Pakistan's

relations with India. Ms Bhutto

will also meet Mrs Margaret Thatcher, the British Prime Minister, and Sir Shridath

Ramphal, Secretary-General of

They will discuss Pakistan's

the Commonwealth.

investment

By Robin Pauley, Asia

Editor in London

Qantas denies recruiting is threat to HK airport

By Chris Sherwell in Sydney

Australia's QANTAS. state-owned international airline, yesterday rejected sugges tions that its recruitment of Hong Kong aircraft maintenance engineers threatened the colony's airport operations. A spokesman for the airline,

which is suffering a severe shortage of engineers, acknowledged that it expected to engage about 150 engineers from the Hong Kong Aircraft Engineering Company (Haeco), and that all would be offered Australian citizenship.

sented a small proportion of Haeco's 3,500 to 4,000 staff. But the problem for the Hong Kong government, Kai Tak airport and Cathay Pacific Airways is that the 150 are more than a third of the 400 highly skilled maintenance and engineering staff who clear aircraft as fit to

The Qantas spokesman said there was a worldwide shortage of aircraft engineers,

By Michael Marray in Hong Kong

A SURVEY of manufacturers

carried out by the Federation

of Hong Kong Industries has found little confidence among

its members in the territory's

quarters of respondents saying

they were considering or planning emigration.

The federation represents a

spectrum of industries from toys and plastics to electronics,

garments and textiles, and

includes big companies as well

as small entrepreneurs, all of

whom must be engaged in

By Roger Matthews in Bangkok

THAILAND has agreed to send

up to 5,000 workers back to Singapore by the middle of this month if the Singapore author-

ities refrain from administer-

ing corporal punishment to a

That worker arrested for hav-ing entered the island illegally.

The fate of Mr Somkid Khamchan, who last month

was sentenced to three strokes

of the cane and three months

in jail, has aroused national

interest in Thailand. Some politicians and editorial writers

have taken an increasingly

hostile stance towards Singa-

pore, describing its new caning law as "barbaric" and warning

Nearly 10,000 That workers

were evacuated by sea and rail

from Singapore at the begin-ning of April, followed by 1,750 workers from India the follow-

All had been found to be

working in Singapore illegally. However, the Government indi-

cated it would welcome work-

ers back if they followed the

About 20 per cent of Singa-pore's workforce comes from

abroad and foreign workers,

such as Thais, form a large part of the manual labour force, especially in the con-

of possible retaliation.

ing month.

right procedures.

future after 1997, with three

Likud ties Shamir's hands over peace plan

Hugh Carnegy examines the political confusion after yesterday's bus crash

East of overwhelming mere

So it was yesterday that agreeing to a resolution news of the bus crash on the porating their demands. Tel Aviv-Jerusalem highway, evidently caused by a Palestinian extremist, swept away con-sidered analysis of Mr Yitzhak Shamir's retreat into a hardline position on his peace plan for the occupied territories. sion over what order might emerge from the latest act of

Europe and Asia. Australian airlines were Before the crash happened, expanding and recruiting staff in a number of fields, a governhowever, it was possible to dis-cern some of the patterns that lay behind the Prime Minisment spokesman said, and it ter's decision on Wednesday night to make a significant act of appeasement towards right-wing critics of his proposals within his own Likud Party. The move left his Labour was "customary to tap into the world market". The recruit-ment, he stressed, was being done in accordance with commercial requirements and normal immigration procedures. HK industry set to leave

partners in coalition and his prospective Palestinian partners in the peace process predicting that the initiative is now all but dead.

After weeks of insisting that the Likud central committee manufacturing in Hong Kong.
The survey of 66 members must not heed calls by rebel ministers Mr Ariel Sharon, Mr underlines the loss of confidence in the wake of the David Levy and Mr Yitzhak Moda'i to attach formal condi-June 4 massacre in Peking,

VIOLENT incidents have a tions to the peace initiative depressing habit in the Middle that would seriously limit its East of overwhelming mere scope, Mr Shamir allowed exactly that to happen by agreeing to a resolution incor-

The Prime Minister's aides and supporters pointed out afterwards that the resolution had endorsed continued promo-

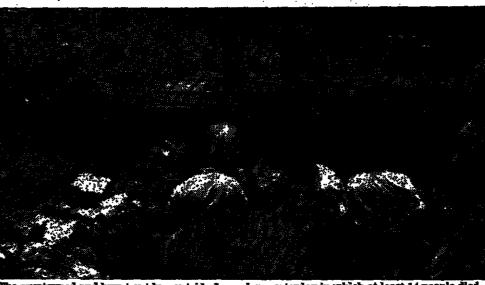
tion of the peace plan.
They insisted Mr Shamir had agreed to nothing he had not own position regarding the But the reality is that Mr

Shamir is now formally bound by his party not to give any ground on several key issues on which the US and the Palestinian side are demanding flex-ibility as a condition for taking up the Israeli proposals.

These include Jewish settle-

ments in the West Bank and Gaza Strip, the role of East Jerusalem Arabs in the elec-tions Israel is proposing in the territories, and the principle of exchanging "land for peace". Although Mr Shamir has sympathised with the rebels' demands all along, the expla-nation for his retreat almost

certainly lies in an anxiety not to split Likud (the word means unity) and thus threaten his relationship. Labour's position is more



The overturned and burnt-out bus outside Jerusalem yesterday in which at least 14 people died

position as leader. A close aide to Mr Shamir said after the conference broke up that it was now up to the US, which has been trying to mediate between Israel and the Palestine Liberation Organisation, and Labour to decide what to do next.

"We know they won't love it," he said of the US with a shrug. That may be something ington will be exasperated with the adoption of a stance which severely limits its cautious Middle East diplomacy, and the result may well be fresh strains in the crucial US-Israeli

delicate. Mr Shamir appears to to be calculating that the junior coalition party would not have the cohesion and courage to break up the National Unity Government on this issue, and that even if it did Likud would be better placed with the electorate. Labour, having come behind

Likud in the general election last year and in subsequent municipal polls, has so far been a passive – and divided – partner in coalition.

A senior Labour figure admitted recently that the party was "so busy eating itself" it might well not be in shape to take advantage of any opportunity presented it by

The voices of those who

opposed the decision to join the Government, and who always scorned Mr Shamir's peace plan as insincere, were raised much louder after Wednesday night. Mr Yitzhak Rabin, the Defence Minister and chief Labour advocate of the peace plan, also counte-nanced the end of the coalition,

albeit not immediately. Before the bus disaster, they would have taken heart from opinion polls showing strong support for the peace plan as originally proposed. But opin-ion in Israel is volatile, and such an event can only polarise public attitudes further.

return to the Commonwealth which has now been agreed by all 48 members according to a letter sent to Ms Bhutto by Sir Shridath on Monday, India having dropped its long-standing veto.

Ms Bhutto told yesterday's husiness conference that she was already restructuring

Pakistan's economy to ensure orderly economic growth "with justice." She said she had demolished barriers and unnecessary government controls, embarked on a programme of privatisation and lifted a ban on trade union activity. on trade union activity.

Last year, Britain exported goods worth £263m (\$410.2m) to Pakistan and bought imports totalling £175m, mostly tex-tiles. Britain is the single largest investor in Pakistan. Mrs Bhutto said Pakistan

had an expanding economy and an energetic labour force. The aim was to develop engineering, machine building, chemicals and electronics.

Bush Administration criticises tough conditions for elections

By Llonel Barber in Washington

whom have seen several years of good profits, would be prime candidates for the various ditions set by Mr Yitzhak Shamir, the Israel Prime Min-ister, on his plan plan for elecprogrammes in countries such as Australia. tions in the occupied territo-ries, but said it was still alive. Mr Richard Boucher, spokes-man for the State Department, Thailand, Singapore at odds man for the State Department, said: "We deal with govern-ments; I don't want to get into the middle of israeli domestic politics." And he added: "Parover caning illegal workers tisan declarations, particularly struction industry.

THE BUSH Administration if they appear to be more yesterday criticised tough contions, do not advance the peace process."

A US official noted that the

Israell Cabinet – made up of Likud and Labour Party mem-bers of the coalition Government - had approved the Shamir initiative last May. Mr Shamir's actions, under pres-sure from hard-line Likud members, came in the forum of a "political rally" and did not amount necessarily to gov-ernment policy. In the medium-term, Mr Shamir's conditions actions may force the US to put forward its own blueprint for elections to encourage the Pal-estinians to take part. This is something the Administration has resisted to avoid appear-

Mr Clovis Maksoud, envoy for the Arab League in Washing to impose a solution.

Yet as one diplomat said yesterday: "The Administration risks seeing the process stall." is tied to a credible out-

ington, called the Israeli plan "dead." But, while making the ritual calls for an United Nations-sponsored interna-tional peace conference on the Middle Rast, he invited the US to come forward with its own ideas: "If the US is able to bring about a rational redefin-tion of an election plan which is tied to a gradule out.

peace option."

The US opposes several of the conditions agreed to by Mr the conditions agreed to by Mr Shamir, and in recent speech called for an end to Israeli expansion of Jewish settlements in the West Bank and Gaza. US officials were also quietly confident that Mr Shamir would emerge with an election plan which was not emasculated.

PLO as well as the Arab states, are definitely committed to the

Burma's military leader faces the press

By Chit Tun in Rangoon

GENERAL Saw Maung, the Burmese leader, gave a press conference yesterday. In most countries that would not be news, especially as he did not have a lot to say. But this was the first press conference by a leader of Burma for more than 26 years.

The smiling general seemed quite at home in the company of the press, and his apparent openness was in sharp contrast to the stern and secretive stance of his former chief and predecessor, General Ne Win, who is still widely believed to be pulling the strings of power behind the scenes.

General Ne Win was noted for not giving a single press conference inside Burma during his 26 years of rule.

General Saw Maung said that as the armed forces chief he had to step in on September 18 to arrest mounting violence in the country.

promise to hold free and fair

multi-party elections next May as scheduled and said that full democratic freedoms would be restored early next year before restored early next year before the elections. The general also said that the armed forces had been "de-politicised" since the dismantling of the one-party system last year and added that they would remain "neu-tral" in the coming elections. To illustrate his statements, the general had the conference hall in the wer office piled high with posters and pamphlets, illegally issued by some politi-

cal parties. There were also tape recordings of their leaders' anti-government speeches. and typewritien scripts of the monitored BBC, VOA and all-India radio broadcasts which were sharply critical of the shown to the press showing mob violence and atrocities committed by hooligans during the pro-democracy demonstra-He reiterated an earlier tions of last year.

oromise to hold free and fair General Saw Maung's key message, delivered extempore and in a relaxed manner, was that the "confrontational" policy of some of the newly-formed political parties would do more harm than good to the country and the cause of democracy.
"Parties should realise that

if students and youths come to adopt this policy, it is the people, not the armed forces, who will suffer," he said, adding that if parties defeated in the coming elections pursue this policy against the party which wins and comes into power, maintenance of law and order would be difficult and "without law and order, there will be no democracy."
The message was believed to

be aimed principally at the national league for democracy, the most active of the political parties with considerable strdent and youths following. The party's general secretary is Ms Aung San Su Kyi, the 44-year-old daughter of the late



Burmese leader General Aung San. A graduate of Oxford Uni-versity in England, she has been quite scathing in her repeated criticism of General Saw Maung's military govern-ment for what she perceives an unwarranted denial of democratic freedoms to the people and political parties.

Asean gives cool response to Pacific co-operation plan

By Peter Ungphakorn in Brunei

FOREIGN ministers of the Association of South East Asian Nations (Asean) responded coolly yesterday to proposals from Australia, the US and Japan for the establishment of economic co-operation in the Pacific region.

Asean has not rejected the proposal. But unless the Pacific rim industrialised countries, including Canada and New Zealand, can provide more details in the next few days and persuade Asean to consider the plan with greater enthusiasm, Mr Bob Hawke, the Australian Prime Minister, might not achieve his objective of holding a ministerial meet-

ing in November.

Mr Hawke sees the proposed group as a means of giving Pacific rim countries a greater voice in pushing for freer trade under globally agreed rules, as well as means of liberalising trade within the region.

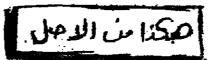
During the opening session between Asean and its six industrialised dialogue partmoustrained dialogue part-ners – the sixth is the EC – Mr James Baker, the US Sec-retary of State, forcefully sup-ported the substance of the Australian proposal without mentioning Australia. He asserted the US determi-

nation to play a leading role in Pacific rim security as well as economic affairs, saying the US would serve as a "catalyst" for co-operation. The Australians have used

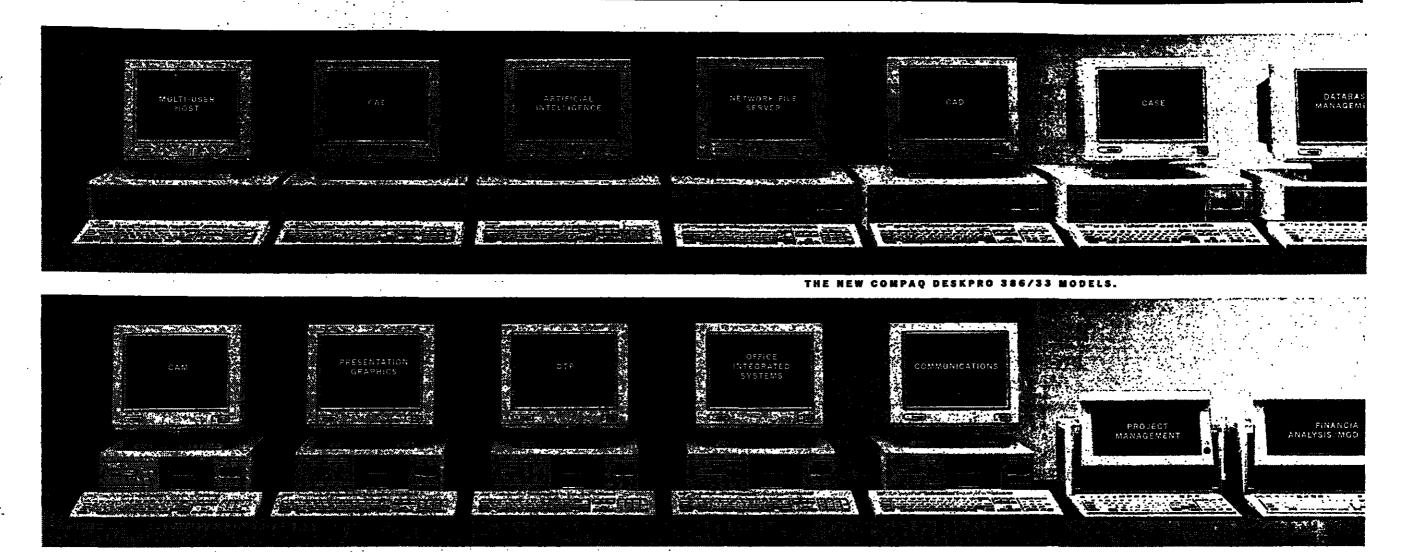
the Australians have used the same terms to describe their own role, but they envis-age a purely economic union. The Japanese are prepared to accept some political content. Asean ministers are said to have expressed fears during a closed-door session that the proposed group could be dominated by Japan and the US and plagued by north-south dis-

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WORLD TRADE NEWS

Gatt talks on tariffs regime falter

By William Dulfforce in Geneva

world trading system by com-bining under a single ad valorem tariff the multiplicity of import charges levied by gov-ernments at their borders has run into the sand during the Uruguay Round of multilateral

The best outcome now possible is that governments will agree to show all the extra charges alongside the ordinary customs duties in the tariff schedules of the General Agreement on Tariffs and

AN ATTEMPT to simplify the Trade. This would make it easier for both exporters and officials negotiating tariff reductions to assess the totality of the charges levied on imports by any one country.

New Zealand promoted the

idea of a single rate in the group handling changes to Gatt Articles in the Uruguay Round, but yesterday Mr Craw-ford Falconer, Wellington's spokesman in the group, acknowledged that it had proved to be impracticable. The New Zealanders pin-

pointed an anomaly in the Gatt system under which countries negotiate reductions in tariffs and "bind" them at the new levels. Binding commits governments not to raise the tar-

However, governments also apply a plethora of surcharges, revenue duties, development taxes, port taxes and stamp duties, which are only partially monitored by Gatt but which distort the tariff measure. In some cases, they are a bigger

By John Wicks in Zurich

THE SWISS Export Risk

Guarantee (ERG) programme recorded a deficit of SF254m

(£97m) last year, almost exactly the same as the short-fall of SF1252m for 1987.

value adjustments on debt-consolidation assets, to actual

claims and to interest paid on

The ERG programme has now shown a deficit for every year since 1978, though until 1982 it was able to cover this

from reserves. The government

has been supporting the

scheme by a series of repayable advances since shortly after the ERG became theoretically

financially independent in

government advances.

This was due primarily to

Swiss export risk body

records SFr254m deficit

charge on imports than the straight tariffs.

Even so, the introduction of

a single rate would involve converting flat rate taxes into ad valoren duties, harmonis-ing charges of varying life peri-ods providing revenues for sev-eral different authorities, and tracing back charges in time, in order to correct existing tar-

Instead, the group decided this week to work out whether the extra charges could at least be recorded on Gatt schedules.

For 1988, the government

advance was increased from SFr235m to SFr440m, so that

the programme now owes the

ration SFrL6bn.

After declining over a four-year period, the total of new guarantees rose again last year, increasing by 19 per cent from SFr1.05bn to SFr1.25bn. By the end of 1988 total guar-antee value outstanding amounted to just below

This May, steps were taken

to improve the programme by altering the premium structure

and improving some coverage. In effect, "good risks" have

become cheaper to insure and poor ones dearer.

Fresh twist in battle for Thai rail deal

By Roger Matthews

THE LONG-RUNNING battle for the contract to build and operate Bangkok's \$1.6bn Skytrain Project has taken another twist with a decision by the Thai authorities to reopen negotiations with the Asia-Euro consortium which Asia-Euro consortium which had been placed second in the original bidding.

This follows an assessment by the Thais that the preferred

consortium headed by Lavalin International of Canada had not met one essential financial

The Export Development Corporation of Canada which would make available \$625m in loans, 40 per cent of it on highly concessional terms, requires by law a Thai Governrequires by law a Thai Government guarantee that the money will be repaid.

money will be repaid.

The Thais say that from the outset they made it clear that under local law the government locals. ment cannot guarantee loans to companies in which it has to companies in which it has less than a 70 per cent stake. The Thai Government will have only a 25 per cent stake in the company set up to build, operate and then after 30 years transfer the rail system in the Thai connection.

years transfer the rail system to full Thai ownership.

A compromise proposal for a syndicated loan which could be used to repay the Canadian Government was rejected by the sub-committee of the Expressways and Rapid Transit Authority of Thailand which has been negotiating It was not immediately clear whether the recommendation to resume negotiations with the Asia-Euro consortium (Leighton of Australia

(Leighton of Australia together with West German and Belgian partners) is an attempt to put additional pressure on Lavalin, a political move designed to head off crit-icism from opposition political parties, or a real threat to Lavalin's chances of winning the

It is claimed that Asia-Euro may now be ready with a financial package which would not require a Thai Government guarantee. The issue could be further complicated if the third-placed Franco-Japa-nese consortium is also called

Norway seeks to boost arms sales and remain virtuous

Anthony McDermott attempts to unravel disputed new regulations on the country's weapon exports only the Penguin Mark 3 is in operation with Norway's F-16s.

HE Norwegian government has issued controversial new guidelines for arms sales in an attempt to increase exports through involvement of their companies in foreign joint ventures. The new more liberal regula-tions, issued by the Foreign Ministry, which monitors defence sales, should make it much easier for Norwegian

tary joint ventures. But the new rules are proving controversial because some fear that the lure of large defence contracts and the loss of control to a majority share foreign partner could mean that Norwegian defence equip-ment may end up in the hands of could be excluded under

companies to enter into mili-

existing legislation.

The change in legislation comes 30 years after the initial rules were passed in the Storting (parliament). They were provoked after it was discovered to the control of the contro ered that Norwegian arms were finding their way to Gen-eral Fulgencio Batista of Cuba and the Israelis.

and the israels.

The 1959 regulations effectively benned "export for military purposes to areas where there is a war or the threat of war, or to countries where there is a civil war." This legislation has been re-endorsed and updated, notably in in 1987

and in January this year. The new regulations would appear in theory at least to enable the government to uphold these principles.
Export applications for arms and military equipment are to be considered in view of the real recipient country, regard-less of whether the export happens directly or through other countries."

Any joint arms venture is to be scrutinised by the Foreign Ministry and the burden of ensuring that the weaponry involved does not end up in a country which, under Norwe-gian law, is forbidden lies with the majority partner. But, it is asked, how can Oslo police or control companies outside its jurisdiction?

The defence industry howver argues that existing regulations and practices have severely hampered a poten-tially important export. For a



Holst: pushing hard to boost arms exports

small Nato country, Norway has some notable areas of sophistication.

Norway is capable of produc-ing materiel ranging from, as Mr Johan Joergen Holst, the Defence Minister, puts it, "uni-forms and sleeping bags to advanced electronic control and communications equipment as well as missiles and

A measure of the effect of these restrictions is that, according to the Foreign Minis-try, defence exports were worth only between NKr500m (£44.2m) and NKr 550m in 1987 and between NKr600m and MKr 650m the following year. These are minute amounts when compared with total exports which amounted to NEr 200bn and NEr 212bn in

those two years. Norway has co-operation agreements with Sweden, UK, France, West Germany, Spain, Australia, the US, Canada and Italy and favours companies in these countries in its drive to establish joint military ven-

More specifically the new regulations coincide with Nor-way's desire to export or be involved in three particular projects – the Penguin Mark 3 air-to-surface missile (on the F-16 fighter); a novel concept of air-cushioned catamaran minesweeper; and short and medium range air-to-air missiles (known as Asraam and Amraam respectively).

Of the three projects on which Norway is pinning its export and joint venture hopes,

But General Dynamics is interested in selling the F-16 with the Penguin as a single pack-South Korea, at odds with its northern neighbour and in the heart of potential regional couflict, is believed to be interested in acquiring the F-16/PenFINANC

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gnin package.

The problem with the new regulations is that, while the foreign Ministry may scrutinise the terms of such a contract, Norway has to make a choice between vetoeing money-spinners or running the risk of a country or company with the majority holding in a joint venture selling Norwegian products to countries not fulfilling Norwegian qualifica-

filling Norwegian qualificait may no longer be possible to guarantee that the end-user still conforms to the terms of still conforms to the terms of the original 1959 legislation. This conflict has already been taken up by Mr Theo Koritzin-sky, a member of the small radical Socialist Left Party (SV) member of parliament who intends to raise this issue when the Storting ressembles

in September.
The Raufoss company, which developed the Penguin, is involved in a European project to produce the Assam and Amraam missiles and this in turn will aggravate the end-

ser conundrum. The novel concept for mine-The novel concept for himselfunters (with the possible further application for pairol boats) is a contract initially worth in the region of NK22m for ten vessels and it has yet to be decided whether a group in Mandal in the south or at Bermand in the wast ghould be gen in the west should be awarded it.

This, in itself, is another domestic political issue. But in broader terms, Norway is faced with the fundamental contradiction between its - until now restrictive - weapons' sales regulations and the risk of missing out on gaining a foothold in certain sophisticated and lucrative areas It reflects a characteristic

Norwegian national dilemma between trying to remain "cleam" in a dirty market and wanting to cash in.

\$1.7bn Turkish power station talks bogged down

By Jim Bodgener in Ankara

DIFFICULTIES in resolving final agreements have bogged down the 1,400MW thermal power station project together with an associated port costing about \$1.7bn (£1.04bn) planned on a build-operate-transfer (BOT) basis at Yumurtalik in south-eastern Turkey. The Turkish Government is

now expected to resume talks next week on an alternative scheme at Aliaga, near Izmir. Commercial financing valued at around \$240m should have been tied up for the power station by the end of this mouth between the gov-

far the Turkish authorities have not felt secure enough to approve syndication.

Meanwhile, Japan's Electric

Power Development Company (EPDC) is expected to send a big delegation to Ankara next week for talks on a proposal for a 1,000MW thermal plant on a BOT basis at Aliaga, esti-

a BOT basis at Alaga, obtained to cost around \$10n.

The EPDC group has recently been the most persistent in pursuing its project of a number of consortia which were disappointed when the Turkish government selected the Chiyoda/Westinghouse group last summer for exclu-sive negotiations for Turkey's first major BOT thermal power

ernment and the project con-sortium, led by Japan's Chi-yoda and Westinghouse Electric of the US. However, so Egypt struck from Arab blacklist

ARAB officials organising an economic boycott of Israel said they removed Egypt and 21 companies from their blacklist yesterday, Reuter reports from

The move was automatic following Egypt's readmission to the Arab League in May. It was suspended from the league when Cairo signed a peace treaty with Israel in 1979.

Among the companies removed from the list were the giant US General Motors, Jeep Corp, British Jeyes and French cosmetic maker L'Oreal SA, the officials said.

A partial boycott on Japan's Sony and its affiliated compa-nies was also ended while cases of some companies threatened with blacklisting

were settled. These included the US Chrysler Corp, US Gen-eral Electric and the British GKN international contracting

company.

The meeting also cancelled a boycott of some Romanian ods after Romanian authorities presented documents confirming the government had stopped importing these goods from Israel, the officials said. The meeting added 15 inter national companies to their

be blacklisted. The meeting decided to cancel the extraordinary rules related to Egypt on the occasion of the restoration of Egypt's full membership in the Arab League," an official said.

Morocco signs six dam contracts

SF78.75bb.

MOROCCO has signed contracts with six foreign enterprises to start building one of the biggest dams in signed Africa, Reuter reports from

The entire project will cost 30bn dirhams (\$3.48bn), the Government said.
The Miara Dam on the Ouer-

gha River, the main tributary of the Sebou north of Rabat, will irrigate 100,000 hectares in the Gharb Valley and should produce 390m kilowatt-hours of blacklist. Egyptian companies dealing with Israel would still electricity a year.

The dam, 220 km northeast

of Rabat, will be built by Cubierta of Spain and Torno and Cogefar of Italy, who have been awarded contracts worth \$120m each, in association with a group of Moroccan public works companies called Jed-The Soviet Union's Techno-

promexport will supply and install turbines, generators and flow control gates worth \$180m to be paid for with exports of Moroccan citrus fruits and

other farm products.

The project will be financed by Spain, Italy and three Middle Eastern financial institu-tions – the Abu Dhabi Fund for Arab Economic Development, the Kuwait Fund for Arab Economic Development and Saudi Fund for Develop-

Officials in Rabat said the loans would be at average annual interest of 4 per cent, over periods of between 20 and



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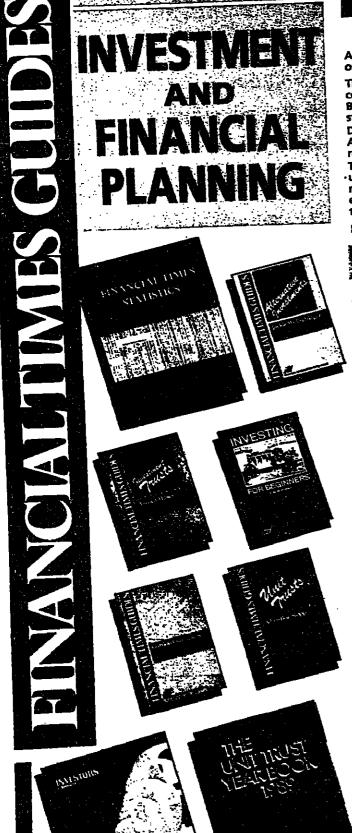


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by Jackie Wullschläger

Bugattis and Bordeaux.

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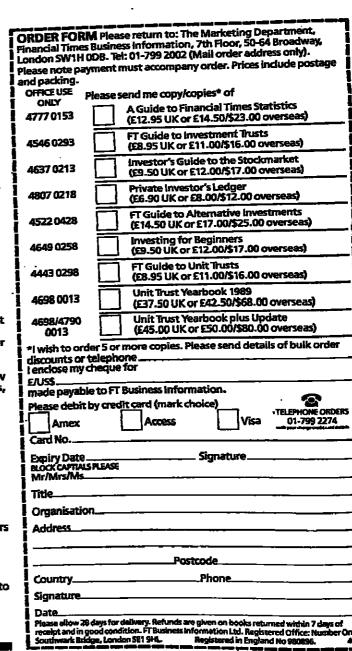
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-UK-NEWS

First results of three-year study into sales and service

Ford unveils dealership as part of 'retail revolution'

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A 52m prototype car dealership embodying elements of UK market leader Ford's blueprint for a "retail revolution" in the 1990s was opened in Manches-ter yesterday by Quicks, the locally-based cars and trucks

distribution group.

Ford also disclosed plans to open the first of a national net-work of "fast-fit" centres to challenge independent special-ist chains like Mr Tom Farm-er's Kwik-Fit Euro, which spe-cialises in after sale car service

cialises in after sale car service.

The fast-fit venture will be opened at nearby Ashton-under-Lyne in September and will form part of the same "revolution" strategy.

The two projects will be the first visible results of Ford's three year study into develop.

three year study into develop-ing what it sees as a radical plan to overhaul of its retail

motor trade business.

The plan aims to achieve much higher standards of customer care than, Ford concedes, have traditionally been associated with the franchised

motor trade. It also aims at recapturing some of the valuable business in supplying parts and service to older cars, virtually all of which has been lost by the franchised trade to the inde-

pendent chains and garage sec-According to Mr Roger Humm, managing director of Ford UK, the market in servicing cars more than three years old is worth £3bn a year in the

hadly damaged yesterday in an explosion thought to be connected to British author Salman Rushdie's controversial novel the Satanic Verses.

By Joel Kibazo

funding the development of the strategy itself. This has included, for example, calling in design consultants Fitch and Co to draw up a new style of dealer premises. Dealers and dealer groups will then finance their own projects within the overall strategy.

Ford expects the strategy will be undertaken at first by 60-70 of Ford's 380 main UK dealers. Between them they are

dealers. Between them they are expected to invest more than £100m.

Details of the first Ford "fast Details of the first Ford "fast fit" venture emerged almost simultaneously with an announcement by Opel and Vauxhall, General Motors' European car subaddaries, that they are also launching a programme to recapture lost servicing business through a chain of "Masterfit" fast-fit service centres to be introduced across Frome over the part two to Europe over the next two to

three years.

The GM programme, however, is less ambitious than Ford's in that the Masterfit centres will initially cater for only Opel and Vauxhall cars.
Ford, by contrast, intends its
network to service any make.
Both companies acknowledge that their moves to recapold is worth £3bn a year in the UK.

Ford executives yesterday refused to disclose the name their servicing business to

responsibility for the explosion
No one was injured, but
police said the fire started by
the blast caused "extensive

damage."
Another of Collet's three

stores, 100 yards from yester-day's blast, remains closed after it was also fire bombed in

A LONDON bookshop was given and no one had claimed

Police said a single "improvised device" placed outside Collet Booksellers in Charing Cross Road had exploded at about 3 am. No warning was April.

under which the fast-fit network will trade.

The Ashton centre, like the car dealership, unveiled in Old Trafford, will be owned and operated by Quicks, which is financing both projects itself.

Ford sees its financial role as funding the development of the strategy itself. This has in the servicing of three-tosev-en-year-old cars can be recap-tured.

With the new-style dealer-ships, Ford and Quicks, as the prototype operator, hope to eradicate the negative sides of buying a car and having it ser-viced which are most fre-quently mentioned by consum-

Customers entering the Old Trafford showroom are met rranoru snowroom are met inside the main entrance by a woman, described by general manager Mr Ken Jee as a "greeter", who finds out what they need and finds them staff to help.

"There is also an Escape' door directly from this area so that anyone who wants can simply leave the showroom without any feeling of awk-wardness or embarrassment, said Mr Gee.

The area is also equipped with a creche and tollet facili-

A fleet of 14 courtesy cars is kept for customers having their own vehicles serviced. The dealership also has a separate handover staff to enable customers to take delivery of their vehicles and check that buyers are happy with their cars, both a day and six weeks after taking delivery.

A group called The Islamic Revolutionary Front claimed

responsibility for that explosion four days later.

Both stores had stopped sell-ing the Satanic Verses after staff voted that it should not

be stocked, following world-wide Islamic protests that the book was blasphemous.

Bomb blasts London bookshop

Most of the scientists cov-

higgest drugs company with sales last year of £2bn.

Merit-based pay scheme for Glaxo scientists

GLAXO, Britain's biggest pharmaceutical company, has introduced a new pay scheme for all its 2,800 UK-based research workers which is based entirely on linking renuneration to job performance.

the past few weeks after months of talks, breaks new ground by attempting to eval-uate scientists' work according

uate scientists' work according to rigid job assessment criteria and linking this to pay.

Glaxo is among Britain's higgest private sector employers of scientists. The work of such people is generally agreed to present job assessment schemes with particular difficulties on the grounds that much of it is based on intuition and creativity and other factors which are not easy to quantify.

easy to quantify.

The 2,800 people covered by
the scheme are UK employees
of Glaxo Group Research, a

of Glaxo Group Research, a Glaxo subsidiary which is responsible for research and development operations around the world.

Most of its employees are scientists although the scheme also includes secretaries and

ancillary workers.

her job against which performance is measured.

The criteria for evaluating performance have been worked out over the past year and based on advice from consultants. The performance grading has assessed employees according to factors such as innovatory skills, ability to

as innovatory skills, ability to supervise others and interest in team working.

Pay increases based on the scheme have been awarded and have ranged from zero to about 25 per cent of individual

ered work at Glaxo's main UK research centres at Greenford. West London, and Ware in Hertfordshire and earn between £12,000 and £25,000. Glaxo is the world's second

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Notice to Cardholders

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29.9% for cash advances). Interest will be charged at the new rate and shown on cardholders' statements issued from 14th July 1989 for balances left outstanding from statements dated 14th June and after.

Bank of Scotland Visa Centre, Dunfermline, Fife KY99 4BS.



Bank of Scotland

Sank Handlowy W. Warszawie S.A. Stered Office : Traugutta 7-9 Warszawa (Poland) Floating rate notes 1979-1989 of USD 1.000 **General Redemption**

ers of floating rate notes 1978-1989 of USD 1.000 are in edemption will take place on August 17th, 1989. BANK HANDLOWY W, WARSZAWIE S.A. has evinced intention to redeem only the bonds held as of March 28th, 1981 by the holders "Natural Persons". The holding as of March 28th, 1981 forms the subject of an efficient delivered to the holder by

These bonds will be redeemable at USD 1.000, at the offices of the

- Banque nationale de Paris - Paris - Banque nationale de Paris (Luxembourg) S.A. - Luxembourg - Banque internationale a Luxembourg - Luxembourg - French American Banking Corporation - New York - Societe Generale - Paris

However, the bondholders who benefit by this redemption must deposit the securities they hold prior to July 17th. 1985 at the office of the fiscal agent Le. BANCUE NATIONALE DE PARIS, Contro d'Operations sur Coupons et Three, 8 rue de Soita 75018 PARIS or at the above mentioned offices of the paying agents.



COMPANY NOTICE

WESTERN DEEP LEVELS LIMITED (Incorporated in the Republic of South Africa) (Registration No. 57/02349/06)

Listing of 14 234 S ordinary shares of R2 each, withdrawal of listing of 344 554 12 per cent unsecured debentures 1986 - 1993 and 14 234 share options

The Johannesburg Stock Exchange has granted a listing for 14 234 S ordinary shares of R2 each in the capital of the company with effect from July 7 1989, which shares were also listed on The Stock Exchange in London with effect from

These S ordinary shares, ranking pari passu in all respects with the ordinary shares of R2 each except that they carry an additional preferential right to a payment of one cent per share in the event of the company being wound up, arise from the exercise of options to subscribe for S ordinary shares at R60 per share. S ordinary share certificates and option and debenture balance certificates (where applicable) are being posted to

Details of the company's capital are: Authorised

27 194 115 ordinary shares of R2 each 805 885 S ordinary shares of R2 each

1 611 770 56 000 000 R 54 388 230

27 194 115 ordinary shares of R2 each 209 542 \$ ordinary shares of R2 each

In addition, The Johannesburg Stock Exchange and The Stock Exchange in London have withdrawn the listings in respect of 14 234 options exercised, and 344 554 of the 12 per cent unsecured debentures 1986 - 1993 which were tendered in payment for S ordinary shares in exercise of the options. The remaining 15 124 300 12 per cent unsecured debentures 1986 -1993 and 231 700 options in issue will continue to be listed on both stock exchanges.

Application will be made to the Paris Bourse for a listing of the 14 234 S ordinary shares.

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FINANCIAL TIMES

UK NEWS

Young stands firm behind Sky TV says BSB proposals for brewers seeking monopoly

By Raymond Snoddy

MR RUPERT Murdoch's Sky Television yesterday accused its rival British Satellite Broadcasting of trying to put it out of business because Sky was winning the satellite television

Mr Andrew Neil, executive chairman of Sky, yesterday attacked a BSB memorandum on cross-media ownership which has been sent to British Government ministers.

The memorandum argued that it was irrational for the Government to exclude Astra satellite services such as Sky from rules designed to limit concentration of media owner-

ship.
In addition to owning Sky
Television, which broadcasts
four channels, Mr Murdoch's
News International owns five ational newspapers. Mr Neil said: "BSB has failed

to launch its service on schedule or to set a convincing date when it will launch. Its tech-

mology is in trouble and its finances are floundering.

"So BSB, in desperation, is trying to change the law to put Sky out of business. Clearly it has concluded that the only change it was here of success is chance it now has of success is if it can secure a monopoly of satellite TV in Britain."

If the Government were to implement the cross-media proposals of RSB, the shareholders of which include Pearson, publishers of the Financial Times, Mr Murdoch could either have to sell his national newspapers or take his stake in Sky down

to 20 per cent.
Mr Neil argued yesterday
that Sky used only four channels on an Astra system that would grow to 32 channels by next year and possibly 48 after

The Sky chairman conceded that there was a rationale for limiting the involvement of newspaper publishers in televi-sion when there were four or fewer television stations in

operation.
"Satellite TV opens up the possibility of hundreds of new channels becoming available for television distribution. Artificial restrictions on entry to this market can only lead to a reduction of diversity," Mr Neil By Christopher Parkes, Consumer industries Editor

LORD YOUNG, the trade and industry secretary, stood firm last night behind his proposal that Britain's six top brewers should lease most of their pubs to tenants who would then be free to sell any brands of beer

and spirits they chose.

At a meeting in London, the minister rejected claims that his "arm's-length" plan was unworkable, and asked senior executives from the national brewers to explain their objec-

Lord Young, who is believed to have discussed his stance with Mrs Margaret Thatcher, the Prime Minister, on Mon-day, has resisted concerted pressure from the beer indus-try and Conservative MPs to

drop the proposal.
Industry dismissed the idea as "unnecessary, bizarre, unjust and unworkable" when it was put forward last month. This week senior Tories wrote to Mrs Thatcher saying the scheme was "the most appall-

ing and unwarranted interfer and Scottish and Newcastle ence in the market place." 23,000 outlets.

It would open the door for overseas brewers to move into the UK market, force pub clo-sures, and offend the Conserva-

sures, and offend the Conserva-tive principle of owning pri-vate property and operating a husiness from it, they said.
"We seriously fear the politi-cal repercussions," the letter said. It was signed by 14 MPs including 10 members of the so-called 1922 Committee of ackbenchers. Lord Young remains con-

vinced, however, that his plan is a sound and practicable alternative to the Monopolies commission's main recommendation for breaking up the complex monopoly it found at work in the drinks industry.

The Commission suggested

in March, after a 2½-year inquiry, that no brewer should be allowed to own more than 2,000 pubs. This implied that Bass, Allied-Lyons, Courage, Whithread, Grand Metropolitan

would have to sell almost

These six accounted for 75 per cent of UK beer production and 75 per cent of British pubs. Other attempts at appearing the brewing industry have included reassurances that many of the Monopolies Com-

mission's recommendations applied only to the "Big Six." Industry solidarity has been apparently unaffected, and most regional brewers share the national companies' out right opposition to most of the main suggestions.

However, the smaller brewers were not represented at last night's talks. The Brawers' Society, which speaks for the industry as a whole, was present only as an observer. Since the discussions concerned only the higgest beer companies, and matters of commercial confidentiality were expected to come up, it was thought best to exclude them.

Full study ordered into 'brain drain'

By David Thomas, Education Correspondent

THE GOVERNMENT has asked the universities to carry out a full study of the extent of the academic "brain drain" in an attempt to resolve one of the most controversial disputes in education.

Ministers and their critics disagree flercely about the size of the flight of academics from Britain and about whether it poses a serious problem for UK universities.

The Government claimed in February that the brain drain was a myth, based on figures was a myth, beard the lighted showing a net inflow of 360 academic staff into British uni-versities from jobs or study overseas over the past eight

This argument has been countered by claims from within the universities that the problem is not one of numbers, but of the quality of the academics leaving UK universities for those overseas, particularly

in the US.

Mr Robert Jackson, Higher

Education Minister, has written to Sir Edward Parkes, chairman of the Committee of Vice-Chancellors and Principals, asking the committee to carry out a definitive study on

The committee is already committed to undertaking a study of recruitment and rei tion of dons in an attempt to back up its argument that aca-demics need substantial pay

"If there is a genuine problem, let's have some genuine statistics on it," Mr Jackson

 Mr Kenneth Baker, Educafor Reinisti Baker, Substition Secretary, yesterday con-firmed to Parliament that pub-licly-funded annual student unition fees will increase from £607 this year to £1,675 io 1990-91, a move which the Government believes will encourage colleges to enrol more stu-

London SE capitalisation rises 35%

THE capitalisation of London's stock exchange increased by 35 per cent to £1,547bn in the year ending March 30, according to a publication issued by the

exchange yesterday.

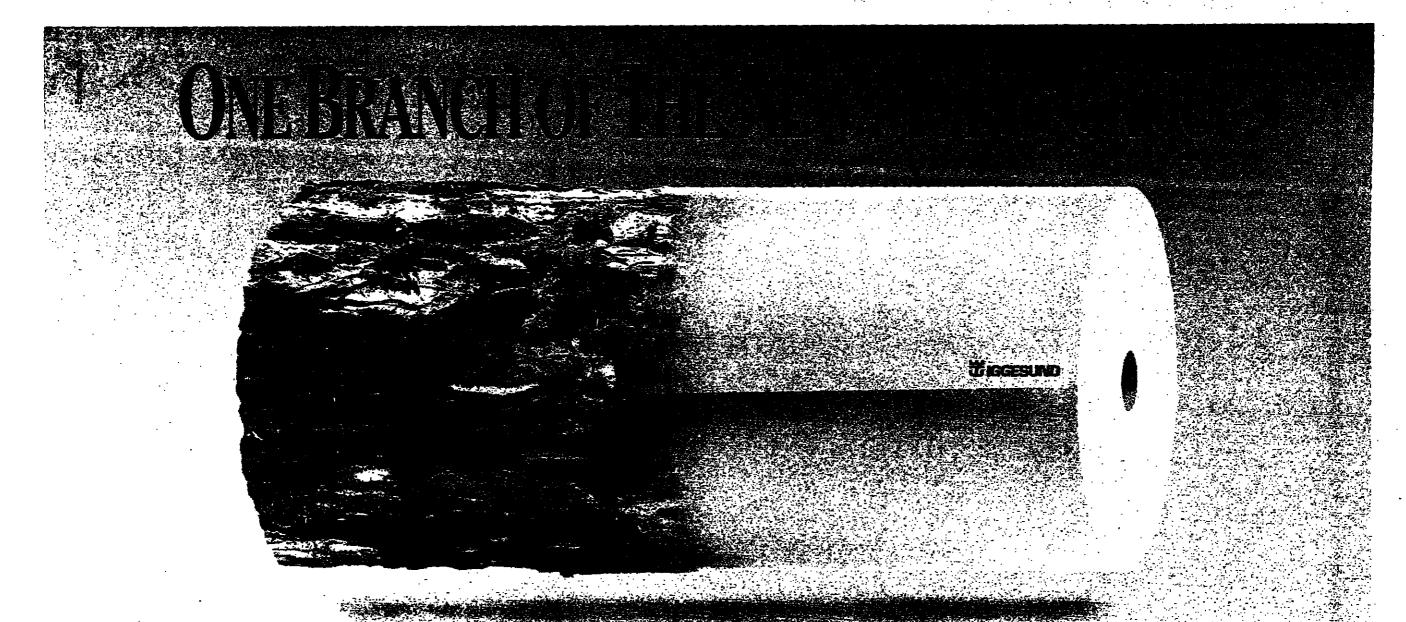
This includes overseas companies with a capitalisation of £1,080bn. US companies are the largest component, with a capi-talisation of £580bb.

Japanese companies are ris-ing fast, the number with a listing up during the year to 13 from nine and their capitalism

tion up to £246bn from £87bn. The information lies in the exchange's Quality of Markets. Companies Book which is being published for the first time giving details of 3,000 companies on the Official List, the Unlisted Securities Market (USM) and the Third Market.

The exchange intends to publish the book annually.

Quality of Markets Companies Book. From Publications, the International Stock Exhange, I London Wall, Lon-don ECTY 4BP. 235.



There is a new dimension in the Swedish forest—the three-dimensional MoDo Group-now one of the fore-

most pulp and paper corporate groups in the world. This new group is made up of three leading forest industry companies: MoDo (pulp and fine paper in Europe), Holmen (newsprint and mechanical printing paper), and Iggesund (high quality paperboard).

The MoDo Group collectively owns expanses of forest equal to some 2.5 million acres. It has an annual output of more than 1.5 million tonnes of pulp, 2 million tonnes of paper, and 420,000 tonnes

of paperboard. Iggesund Paperboard and Iggesund Timber represent the paperboard and sawn timber branch of this new group.

The focus on paperboard as the principal product was given added emphasis early in 1988 with the acquisition of Thames Board Ltd., the leading paperboard company in the U.K. Today, we are the largest manufacturer of high quality paperboard in Europe.

And size stands for reliability.

Most of our paperboard ends up in the hands of European consumers in the form of cartons of cigarettes, packages of perfume, and boxes of bonbons. Another product is graphical paperboard for cards, book covers, and music records. As market capacity and quality has improved over the years, we have kept ahead through a comprehensive program of modernization. Needless to say, this investment has been passed on to our customers in

our top quality products, deliveries, and technical service.

We continue to keep up by investing in R&D. particularly in the packaging sector. We also continue to seek improvements in everything we do to meet the increasing demands of our market.

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Water authorities report modest profit rises | Thatcher warns rail workers

By Richard Evans and Andrew Hill

THE 10 water authorities in England and Wales yesterday showed modest increases in turnover and operating profits in their last last and operating profits and operati

in their last set of accounts before their privatisation. The significance of the 1988-89 results as a guide to the investment attractions of the authorities is heavily qualified by the forthcoming restructur-ing of the authorities' balance

The Government has said it intends to write off debt from many of the authorities and to add debt to others.

In addition, the crucial for-

is still in negotiation.

The individual formula for

all 10 authorities and for the 29 statutory water companies will not be known for another three It is only when all these sums have been completed and

an indication given of the pro-

posals for completing capital spending programmes that a

distorted by rate refunds added to the comparative 1987-88 figures following a Court of Appeal judgment. If all excep-tional items are stripped out, profits rose by just over 9 per cent to £1.2bn.
The figures were the first

dures. The cost of maintaining the industry's pipes, sewers

en expressed confidence at a London press conference in the success of the flotation, which due in mid-November, in spite of high opposition to water pri-vatisation in opinion polls. They criticised malicious and inivolous" attacks on the industry.
Mr Gordon Jones, chairman

of the Water Authorities Asso-ciation, said the industry had

felt it right to mount its

"awareness" campaign at a cost of £9m in the last financial

added to the value of assets on the balance sheet.

All 16 water authority chair-on the quality of drinking water and protection of the environment. His comments followed accu-

sations from the opposition Labour Party that public money was being misused on a "horrendous" scale to promote privatisation. Water industry analysts in

water industry analysis in the City of London played down the significance of the figures, saying historic results were less relevant than crucial figures which should be revealed nearer flotation.

over jobs as dispute intensifies

By Philip Stephens and Fiona Thompson

BRITAIN'S rail dispute intensified yesterday with the Prime Minister warning that strike action threatened rail workers' jobs as the Aslef train drivers' union announced overwhelming backing for an overtime ban.

The drivers' action will take

effect from midnight on Sunday, causing severe disruption, especially on the Southern region, in addition to that already being caused by the weekly 24-hour strikes by the National Union of Railwaymen.
The escalation of action brought further sharp condemnation of the unions from Mrs

Margaret Thatcher although with a clear signal that the Government is not respared to intervene directly to try to set-

the the dispute.

Amid angry exchanges in the House of Commons, the Prime Minister said the striking workers would "lose their their them." jobs if they go on like this," because the disruption would drive passengers and freight off the railways. She faced flerce criticism.

however, from Mr Neil Kinnock, the opposition Labour leader, who called on the Gov-ernment to play a constructive role in settling the dispute and to stop making inflammatory attacks on the unions.

Mr Kinnock seized on com-

ments made earlier in the week by Mr Nigel Lawson, the Chancellor, suggesting that the Government might scale back its investment in the industry. He said the remark would not help to resolve the dispute, while lower investment would result in an even worse service for commuters already suffer-ing from dirty and delayed trains because of low invest-

ment levels.

Labour leaders believe that, far from profiting from its hard-line position in the dispute, the Government's stance is being seen as intransigent by a growing number of people effected by the strikes. affected by the strikes.

Mr Lawson's comments won public support from other min-isters yesterday after a discussion of the dispute at the weekly cabinet meeting.

Some Tory MPs were privately disquieted, however, that the comments appeared to undermine the Government's case that it is not directly involved in the dispute. involved in the dispute.

Mr Jimmy Knapp, NUR general secretary, yesterday set out his union's position in a lengthy letter to all MPs, stressing that the NUR was "eager to enter into practical, concrete negotiations to secure a settlement at the earliest opportunity." NUR members are striking over BR's 7 per

cent imposed pay offer and pro-posals to scrap national collec-tive bargaining. Aslef's 17,500 train drivers voted by 12,637 to 1,702 for the

ban on overtime and rest day working in the ballot over pay. Both Aslef and the NUR have refused to attend hearings by the Railway Staff National Tri-bunal, the industry's final appeals body, which is this week debating the merits of the pay deal following an appeal by the white collur TSSA rail union.

Mr Neil Milligan, Aslef general secretary, said he expected the industrial action to "knock out" up to 500 trains a day. British Rail said it was "astonished" by Asle's deci-sion. "Trade unions with their members' interest at heart and ballot majority in favour of

industrial action normally put the result in their back pocket and demand to know what the employer proposes to do about "Instead. Aslef intends to highjack London commuters

and disrupt services in other parts of the country." "We are not going to offer any more on the basic rate, but that does not mean to say that if they came and talked to us the talks would be unproductive. We are always glad to talk."

Car sales jump 8% to record

By Kevin Done, Motor Industry Correspondent

NEW CAR sales jumped by 8.29 per cent in the first half of the year to a record 1,198,403 according to figures released yesterday by the Society of Motor Manufacturers and

New car demand is still to show any marked reaction to the hig jump in interest rates. as car makers attempt to cushion the impact through an array of low-cost finance packages, including zero rate finance on some models.

Mr George Simpson, Rover Group managing director, warned yesterday that the industry's profitability was being hit by the intense level of present marketing activities. Rover Group itself has suf-fered a sharp decline in its market share this year to only 13.75 per cent in the first six months from 15.09 per cent in

that period a year ago.
Its sales volume has fallen
by 1.3 per cent to 164,487
despite the 8.3 per cent jump in
the overall market and it has
been ousted from second place. by Vauxhall, the UK subsidiary of General Motors of the US.

Overall, new car sales in June increased by 3.52 per cent to 174,667 compared with 168,731 in the corresponding month last year. Demand for new cars contin-

ues to defy car makers' fore-casts of an imminent downturn in sales, and the industry now expects the high level of August - the biggest month for car sales in the UK account-ing for more than a fifth of

total annual sales.

June was the first time this year that monthly sales failed to reach a record level, however, falling below the 200,172 achieved in June 1979.

The share of imported cars in the UK market fell in June to 55.17 per cent from 56.63 per cent a year ago, but for the first six months imported cars still captured a 55.74 per cent share compared with 54.94 per cent a year earlier.

Ford, the UK market leader,

Ford, the UK market leader, has regained some ground last year and has increased its share in the first six mouths to 27.31 per cent from 26.94 per cent a year ago. It holds the three top places in the lest-seller league with its Escort,

Land Rover to launch new vehicle

LAND ROVER is to launch its first all-new vehicle for 19 years in the autumn, to be named the Discovery, in the first step of a crucial product offensive by Rover Group, writes Kevin Dome.

It will be followed by the launch of Rover's 200/400 series, codenamed the Rs, which has been developed jointly with Honda of Japan, and which will be powered by Rover's new K-Series 14 litre engine.

engine.
The company is also abandoning the Austin Rover name for its car operations in the autumn, to become simply passer Cars.

The Discovery will be shown publicly for the first time at the Frankfurt Motor Show in September and will go on sale in the UK at the end of the

Land Rover is enjoying a powerful resurgence in its for-tunes led by booming sales of tunes led by booming sales of its Range Rover in the inxury segment of the world four-wheel drive market.

The company's offensive is expected to be broadened further in the antumn, with the launch of the Range Rover into the intensely competitive Japanese car market.

the intenses, market.

nese car market.
Sales of the Range Rover in Sales of the Range Rover in the US, where it was launched in March 1967, have surged this in March 1967, have surged this in March 1967, have surged this year with an increase of 52 per year with an increase of 52 per year with a first six months to year with an indeede of or per-cent in the first six months to

2400.
The success of the Range
Rover in the US is in sharp
contrast to the failure of
Rover's Sterling executive car.
Rover's Sterling executive car,
which was also launched in the
which was also launched in the which was also inunched in the US in early 1987. Sales of the Sterling in the first five months of 1989 dropped by 34 per cent to 2,788.

Green issues 'set to top summit agenda'

proper judgment can be made of the investment merits of the authorities.

and reservoirs is now charged direct to the profit-and-loss account. Such costs used to be

THE UK Government expects aging motorists to use environmental issues to top the agenda of next week's This "economic approach" to world economic summit in Paris. It will be anxious to promote the use of economic instruments such as charges and tax differentiation to reduce environmental damage. According to government officials, use of the pricing sys-tem rather than controls is the best way to encourage people to act in an environmentally friendly manner. It is expected that Mrs Margaret Thatcher, the Prime Minister, will point to the success of last March's UK budget changes in encour-

In Brief

Harland

offers job

contracts,

sheds 300

lost bringing redundance

BBC peace hope

Green initiative

discuss a new offer by Mr Michael Checkland, BBC direc-

Mr Tony Cleaver, chief executive of IBM UK, is to chair an initiative called Business in

initiative called Business in the Environment to encourage private sector interest in "green" issues and set up partnerships with environmental pressure groups. He will be supported by Sir Ian MacLaurin, chairman of Tesco, and Ita Pakis Deal menocing

and Mr Rohin Paul, managing director of Albright and Wil-

Raviert characters.

Raings made by the Advertising Standards Authority, the advertising watchdog, can be challenged through the judicial review procedure, under which the court can strike down a decicient of these rest hear

decision if it has not been arrived at in a fair and ressur-able manner, the High Court

Package holidays could rise by an average £20 next year to cover the costs of an improved service from tour operators after implementation of a new Association of British Travel Agents code of conduct.

LSE director named

Professor John Ashworth, vice-chancellor of Saiford University, was named as the nari director of the Longon School of Economics. Professor Ashworth, aged 50; he has attracted attention to Saiford since he became its vice-chancellor in 1981 by forging close links between the technological university and industry.

cal university and industry.

و المنبع الجاماء

Holiday price rise

Advert challenge

ABOUT 2,400 employees at Harland and Wolff, the Belfast shipbuilders, will be offered jobs in the company, which is

This "economic approach" to environmental issues is expected to run through the talks on the environment among the leaders of the US, Japan, West Germany, France, Raly, Britain and Canada. The three-day summit begins next Friday. However, the summit is not expected to launch specific environmental initiatives. The expectation in London is that seven leaders will give political backing to existing work in the international sphere, possibly discussing cooperation over an interna-

tional climatic convention to tackle global warming.

Although there is likely to be a good deal of mutual backtackle global warming.
Although there is likely to be a good deal of mutual backslapping at the continuation of economic growth in the indus-trialised world, the meeting is expected to be rather low key as far as Britain is concerned. The UK will seek a restir-mation of the market-oriented policies that have promoted growth over the past decade.
With its own inflation running at an annual 8.2 per cent. Britain is anxious to emphasise

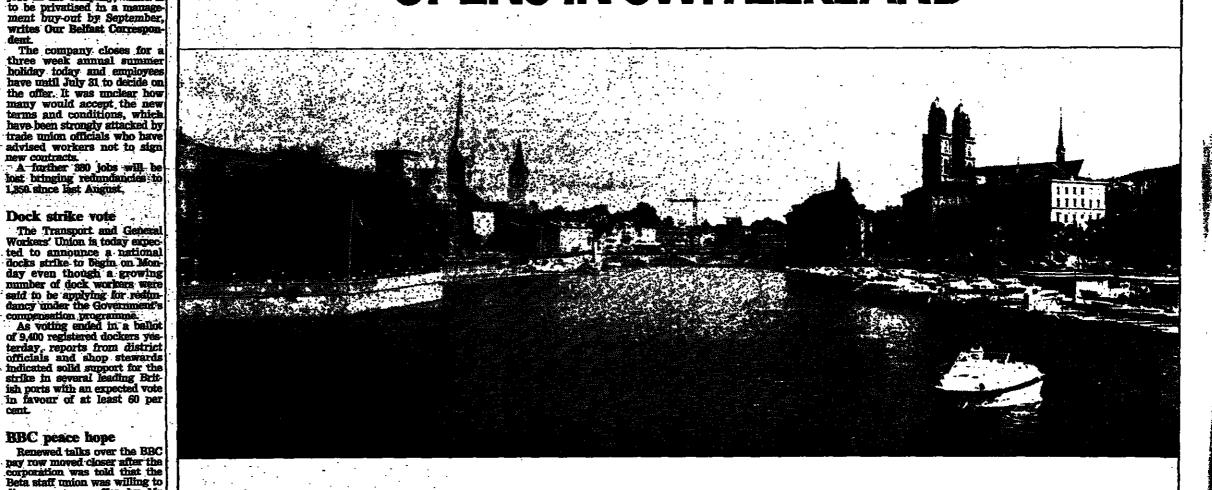
the international nature of

inflationary pressures and the need for the seven to agree pol-

talks and backing for the mul-tilateral trading system in the face of bilateralism such as the recent US decision to name Japan, India and Brazil "unfair traders" under provisions of last year's US trade bill.

The UK will also support endorsement by the summit of debt reduction for middle-in-come debtor nations in the debt strategy launched this year by Mr Nicholas Brady, the US Treasury Secretary.

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THE PROPERTY MARKET

rising, shopping centres opening up all over the country and plenty more to come: it does not look like a time of restraint. Yet changes have been taking place in the retail property market and there is a good deal of nervous-

ness in the air. Official statistics released this week show that, after a flat few months, consumer spending has started to rise again. In the the three months to May, sales were 4 per cent higher than in the same period of 1988. The increase in May alone was the biggest monthly rise for more than two years. The basic factor underpinning the strong rental growth

projections developers and landlords might have been making about rents in new shopping schemes may have to be adjusted. That, at least, is how it looks to the expanding retailer - and there are still

"If landlords want to fill their schemes they're going to have to be less bullish about the rents they're asking," warned Ron Delnevo, property and franchise director at Tie

This year Tie Rack, which needs only small shop units on average 300 sq ft - for its ties and scarves, expects to open 25 shops in the UK, to bring the total up to 150.

strained more by a lack of sites than a downturn in consumer spending, Mr Delnevo said, acknowledging that with "a low average ticket, we're

Shadow behind spree

By Paul Cheeseright

in the retail property market and the resumption of a heavy development programme is clearly still at work. Yet the figures of retailers show that the fizz has gone out of the spending spree. Certainly retailers are not chasing space for expansion with the same

Against the background of sagging confidence there are changes in the financial cli-

with household goods or suits.

He charged the estate agents with talking the market up but made clear that, from Tie ing. "The time has gone for chasing sites. Eventually you get what you're looking for." Landlords are not taking the highest rent as they might have done 18 months ago. Rather, they are prepared to accept less from new tenants if they can have a strong cove-

The most obvious indication of the softening in the market, according to Mr Delnevo, is

Year to Dec 88

Monthly rate - May 89

The first point is that investment interest has waned. Clive Lewis, in its midsummer retail report, talked about "the investors' desertion of the High Street," and considered it over-

mate for investment and devel-

Mike Marshall of Hillier Par-ker recalled that in 10 years of funding shopping centres he had never seen a quicker

the fall in premiums for tak-ing over existing leases. "Six months ago people were talking in telephone num-bers". Now the demands are much more modest. The fall was first noted in London but

has spread outwards. In some districts of London's West End where there are high west and where there are light concentrations of speciality shops, existing tenants have been paying others to take on their leases.

This state of affairs would

affect Tie Rack only as far as its expansion is concerned. But because it is a young company, most of whose shops

Rental value growth (%)

24.8 1.2

departure from the market than that made by the institu-tions since last Christmas. The reason for the departure is twofold, in Mr Marshall's

view. First, 1988 saw very heavy investment or commitment from institutions like Friends Provident, Norwich Union, Postel and Standard Life and this year looks like a breathing space. Second, after a long upward swing in the

have been taken on in the last three years, the relative increase in rents it will face on reviews will be less than for those shops whose rents are being reviewed now.

The latter are facing not only a catch-up on five years of rental growth, but also increased charges because of the imposition of the uniform business rate, against a background of attempts to restrain consumer spending. Small wonder that premiums have

Yet, as the accompanying

All Property

21.4

article showed, more shopping investing funds.

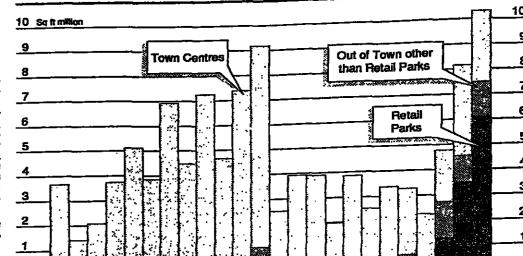
market, it looks as if a period of rather less exciting rental
growth could be starting.
At any rate there are only

about half a dozen funds left in the market and they are able to be very choosy about their investment. It is important in terms of ultimate purchase: the long term view of the life funds gives them an ability to absorb have such a facility.

For development finance the presence of the funds is less important. There are, after all, other ways of raising money. That said, a recent survey of banks by Debenham Tewson & Chinnocks found an ambivalent attitude towards retail

"Opinions for and against new lending were fairly evenly divided," Debenham Tewson concluded. "Future lending appears focused on large shop-ping facilities again, but given current Government efforts to reduce consumer demand, indi-vidual projects will need to be closely scrutinised, according to some bankers." They worry about the same factors as the

Further, noted Clive Lewis, "many funds are continuing to dispose of their older centres rental growth has slowed, in some cases almost to a halt, because multiple



retailers, trading from substan-dard units relative to modern retailing requirements, are assigning to secondary cove-

1965

Shopping schemes – new space

This, of course provides rede-velopment and refurbishment opportunities for the property companies and they have sought them with some enthusiasm. There seems to be plenty of scope.

But there is also a significant number of new shopping centres opening over the next two years, Hillier Parker is forecasting that 13.3m sq ft of space will open this year and 19.8m sq ft in 1990.

This is the result of the development surge which has taken place in response not only to higher consumer spending but also to the demand for more out-of-town shopping facilities.

1980

Although some retailers wonder who will take all this space, historically the retail property market has been a remarkably consistent performer. Peter Hunt, chairman of Land Securities, has noted that it is the recent growth which has been abnormal; normal growth is somewhere between 8 and 15 per cent a

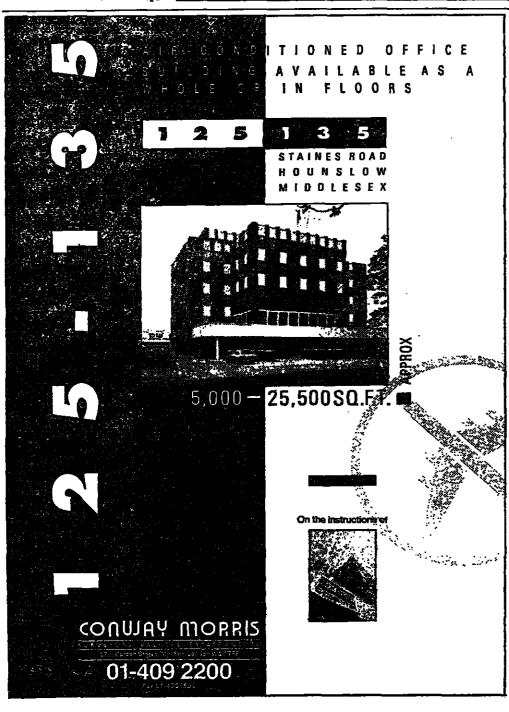
Investment Property Data bank figures show that rental growth for retail property broke through 15 per cent on an annual basis during the year to May 1988, topped 20 per cent in the year to January 1989 and has since fallen back.

1985

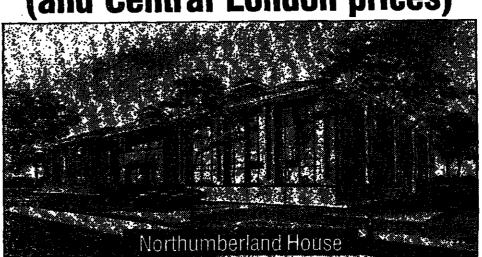
1988

Source: Hittler Parker Research

For investors, property com-panies or otherwise, prime retail property has been a consistently sound investment and in recent years this has been where the institutions have favoured putting their money. What is not clear is whether changes in the marketplace now are a blip or the start of a more significant trend.



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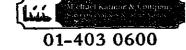
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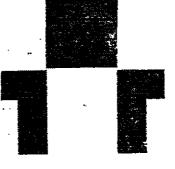
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HEAVEN-SENT OPPORTUNITY.

he title of manager does not guarantee anyone automatic respect, Allied Dun-bar, the UK insurance and financial services group, tells its staff. Respect is something that managers have to earn.

"Our people won't see us as good leaders just because we carry a title. We have to prove it by our actions," the company says in its Policies for Management.

The Policies were written in the early 1980s, along with a shorter text called the Allied Dunbar Approach. The documents are part of a sustained attempt by the company to-increase management effectiveness and encourage communi-cation with employees.

The company also asks employees to assess their superiors, allows staff to make complaints anonymously, and car-ries out internal opinion polls. Some organisations doubt

the usefulness of publishing mission statements and the like. But Sandy Leitch, Allied Dunbar's managing director, says his company thought it had become essential to write down its values.

When Sir Mark Weinberg founded Hambro Life in 1971 it had a salaried and sales staff of just over 200. Today, the company - which changed its name to Allied Dunbar when it was acquired by BAT Indus-tries in 1985 - has 3,000 salaried staff and 5,000 sales associ-

Peter Stemp, the personnel director, says that as the company grew it became clear that some of the new employees were insufficiently aware of Allied Dunhar's traditions. Different styles of management had begun to emerge. The com-pany decided that it needed to come up with a formal state-ment of its values and make them known to its managers

"In the 1970s we were small enough to do things informally," Sandy Leitch says. 'We'd been able to achieve things in an unstructured way. As a company gains in size I think you've got to formalise things. That's not bureaucracy. It's just that as you grow got the right skills in place." Before trying to write down

its values, the company looked at what other organisations had done. Very few had attempted to define what they stood for. Leitch can remember only two which had: Hewlett-Packard and Mars.

Allied Dunbar spent 18 months deciding what values it wanted to impress upon its employees. The Allied Dunbar Personnel policies

When managers have to earn the respect of subordinates

management of the control of the single of much control of

Michael Skapinker explains how the UK insurance group keeps in touch with its staff



detailed Policies for Manage-ment cover such issues as customer service, recruitment, profit-sharing, community involvement and communica-

The Allied Dunbar Approach says that all employees enter into an informal agreement when they join the company.
"You won't find detailed rules and regulations to cover this informal contract. It is a matter of trust," the document says. "Each one of us under-takes to work to the best of our abilities. In return, the company will do its best for us by looking after our interests and well-being. This means high pay, good benefits and excellent working conditions.

"Each of us can expect to be told where we stand, how we are doing and to be kept well-informed about matters affecting us." The document adds, too, that "we encourage informality and everyone is on first-name terms."

The company says its policy on employée communication is to "build a structure which is two-way, enabling the group to benefit from listening to all its people. It is easy to fall into the trap of believing communica-tion is about telling someone something. Listening is as

important as speaking."
The company holds monthly team briefings. Any team briefer who is asked a question by a member of his or her team is required to find out the answer and pass it on to the person who asked it. Paul Lewis, a junior man-

ager and a team briefer, believes that a reliable feedback mechanism is only one component of a successful Approach and the more briefing. If managers are to



"When I spoke to the team the major point that came out

was that because we were

going through large organisa-tional changes in unit trusts,

things had been fairly frantic,

he says. "The major lesson was that I needed to spend more

"On the delegation issue, I thought I was getting too

involved in the detail. But they

didn't think it was a problem. I was pleased with that result."

ager in the department which services life policies, says that

all the managers in her section

ask their subordinates to eval-

uate them every year. "When we get the results, we go

through them and form action

plans to address them. Then we go back to the people who

completed the questionnaire and say this is what we have

found and this is what we intend to do about it'. I believe

it encourages open manage-

ment," she says.

Peter Stemp says the company believes all its managers

should go through the ques-

tionnaire process every two

years or so. It is not compulsory, however. "It is an

attempt to get management to focus on their development

needs. We want people to iden-

Maggie Gill, a middle man-

time on communication.

briefings, they should do more than just pass on corporate information. They should also discuss matters which affect the team's day-to-day work and

"People are interested in what's going on from a corpo-rate point of view. But what keeps the thing interesting is adding local news' onto it," he

To help managers assess their own progress, Allied Dunbar encourages them to get their subordinates to evaluate them through a Management Effectiveness Questionnaire. The questionnaire is completed by the manager's subordinates, his superior, and the manager

Andrew Stacey, assistant director of unit trust administration, went through the process in May. His subordinates told him that he was a better delegator than he thought. The bad news was that he was a less caring manager than he thought.

The five subordinates who answered Stacey's question-naire did not think he was completely uncaring. They had given him a high rating for looking after them. What bothered Stacey, however, was that he had given himself an even higher score, as had his supehe says. About 60 per cent of the group's managers have done the Management Effec-tiveness Questionnaire.

As a company, Allied Dumbar also tries to find out what its employees think of it. In 1982 and in 1987 the company asked an organisation called International Survey Research to conduct a detailed poil of its staff. The 1987 survey had a response rate of 83 per cent of the salaried staff.

The survey revealed that 93 per cent of the employees thought that Allied Dunhar was a friendly place at which to work. Eighty-six per cent of employees thought that Allied Dunbar was well managed and 84 per cent thought that top management was generally respected by the staff. Seventy-four per cent thought their own department was well man-aged and 73 per cent thought that they personally were

well-managed.

A total of 70 per cent thought that their department managers were doing a good job of keeping in touch with them. Only 43 per cent, however, thought that top management was doing a good job of keeping in touch with them.

Despite the effort that the company had put into two-way commencation. All per cent

communication, 41 per cent said they did not feel free to speak their minds without it being held against them. This was 10 per cent higher than in the previous survey.

"If you're going to do an attitude survey, it builds up the expectation that you're going to do something about the things you find," Leitch says. The problem was that the employees' feeling that they could not speak out was a puzzle to managers like Peter

"Ours is a very positive cul-ture and I think people might be reluctant to say anything which makes them sound negative," he says. "There is an attitude here that if you're not with us you're against us."

To encourage employees to speak out without fear of retribution, Allied Dunbar began a new scheme last November called Your Write. Under the scheme, which is designed to supplement existing channels of communication, employees fill in a form asking a question, expressing an opinion or offering criticism on any topic related to the company. They send the forms to the employee

communications department, which in turn passes them on which in turn passes them on to the director or senior man-ager best able to respond. Replies are guaranteed within 10 working days.

Those sending in the forms are required to give their names to the employee communications department, but they can ask for their comments to

be sent on to the senior man-

ager anonymously. Their form is then re-typed to avoid hand-

writing recognition. If those

writing in prefer it, the reply can be sent to their home With the reply comes another form asking the employee whether they think their complaint or query has been adequately dealt with.

Since the start of the scheme, Your Writes have been coming in at a rate of eight a week. Only a few employees have requested anonymity. The most common issue raised has been parking, followed by topics like smoking and child care.

The average time to respond to the letters has been five working days. Fifty-five per cent of those who have written in say they regard the Your Write programme as very effective as a means of addressing their concerns, while an addi-tional 38 per cent thought it was fairly effective.

While results like these would be gratifying to most managers, Stemp is a little dis-appointed at the small number of employees who asked ques-tions relating to Allied Dun-

The company is now drawing up a new mission statement called Vision 2000, a declaration of where it wants to be at the turn of the century. "! think that a mission has got to be stretching, it's got to take your breath away," Leitch says. The first draft, which includes the promise that "we will be a major force in Europe," is seen as being capa-ble of some improvement.

"What you see is an evolutionary process from the infor-mality of the 1970s to the formality of the 1980s to a company in the 21st century that's going to be very large and needs principles that will bind everyone together," Leitch says.

Why production departments must still have a say

The market-led mentality may have swung too far, says Michael Dixon

o call a company "production-oriented" nowadays is akin to saying it sides with the Devil. The idea that organisations should be market-led has become a moral imperative. Even if the truth still fits the dictum that customers can choose any colour provided it is black, manage-ments jib at admitting as much to themselves let alone to out-

The renunciation of suppli-ercentred sittitudes, which in the West owes much to the shock of competition from Japan, was no doubt needed. But there are signs that some western managements have let the swing to a market-led mentality carry them too far.

Take, for instance, the 10 UK

factories spanning a wide range of industries recently studied by Professor Brian Houlden and Dr David Woodcock, respectively of the War-wick and the Nottingham Uni-versity management schools.

Their report in the latest Sundridge Park Management Review states that six of the plants were headed for a breakdown in production at least in the long term, and that only one was improving its perfor mance enough to maintain a

competitive edge.

The prime reason for the problems was evidently that the production departments had ceased to have a say in the strategic decisions made by top management. As a result, the two researchers say, "we found a tendency for marketing to demand commitments from manufacturing which were not economically or technically practical." For example, in one company where the board had been persuaded by buoyant demand forecasts to install new plant dedicated to a specific product, sales were 65 per cent below expectations and

the new equipment could not make anything else.

"Too often production managers were so busy with today's task that they failed to recognize (or explain to others) recognise (or explain to others) the consequences of tomorrow's tasks. They simply tried to respond to requests even when they knew from experi-

ence that they had little hope of accomplishing them."

Often the production manag-ers had lost not just their voice on strategic issues, but also their status as the mainspring of improvements in manufac-turing. They tended to be viewed by their superiors as there to keep day-to-day con-trol of the existing plant. improving it was seen as a job for specialists, which could be done only by making large-scale changes when external forces necessitated them.

That view of improvements contrasts sharply with the attitude of Japanese companies. They typically expect production managers continuously to improve their plant by small steps as well as to control its operations. "In one UK firm it was estimated that set-up times had increased by 230 per cent since the 1950s, while their Japanese counterparts had reduced them by 95 per cent," the researchers report.
"Such differences tend to come from hard work and analysis on the shop floor, rather than

investment in equipment." Houlden and Woodcock conclude that western chief executives need to raise production management to a strategic role in the company. The managers concerned should be recog-nised as responsible for enhancing their workers' skills and plant's capability, as well as for running it. Moreover they should be given a stronger voice in top-level decisions.

"We're not saying company leaders should pay less atten-tion to marketing managers coming up with ideas for new growth and product possibilities," the professor explains.
"It's just that heed also needs
to be given to production managers' views on what such ideas mean for them.

"They probably won't be as skilled as marketing people at communicating. They often had difficulty in explaining the production point-of-view at board-level – perhaps because they've not had much practice. But even if they're tongue tied, it's crucial for top executives to make sure that they've not only heard, but understood."

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LEGAL NOTICES

IN THE MATTER OF **ELLIS CONSTRUCTION** (SOUTHERN) LIMITED

IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the order of the High Court of Justice (Chancery Division) dated the 12th day of June 1939 confirming the cancellation of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on the 21st day of June 1969

Deted this 30th day of June 1969

Ref: NAMC

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DATED this 29th day of June 1989

NO 802505 OF 1989 IN THE HIGH COURT OF JUSTICE IN THE HIGH COUNT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF GOODLANDS HOLDINGS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

Venie Washrough 14 Orchard Street Bristol BS1 SER

Company NOTICES

KOTICE TO HOLDERS OF WARRANTS OF

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("1968 WARRANT")

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At the meeting of the Board of Directors of Hunkyu Corporation (the "Company") held on 25th May, 1989, a resolution was adopted for the issue of new wherea by way of free distribution, particulars of which are given below. Consequently the Subscription Prices of the capitionest Warrants shall be edjusted, as specifically provided in paragraph 3 below.

nade to shareholders of record as of 31st July 1889, Japan time, at a ratio of 0.03 for each one share hold.

 The free distribution shall be made on 14th September, 1989, but the dividends for these new shares will scorus as from 1st April, 1989, Japan time. Pursuant to condition 7 of the Warrants of both issues. the Subscription Prices will be adjusted: (1) 1986 WARRANT

Before adjustment Yen 505,80 Alter adjustment Yen 491,10 (2) 1988 WARRANT

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COMPANY NOTICES



MMC INVITES EVIDENCE FOR INQUIRY INTO CINEMA ADVERTISING SERVICES

The Monopolies and Mergers Commission which is investigating cinema advertising services supplied by Rank Screen Advertising and Pearl and Dean - would like to hear from any

person or organisation with views on the matter. Among the matters the MMC will consider are RSA's share of the market, its provision of advertising for Odeon Cinemas, its contract with Cannon Cinemas and Rank Organisation's involvement in cinema advertising and flim

distribution. The Commission would like evidence in writing as soon as possible, but not later than 21 July sent to: The Reference Secretary (Cinema Advertising Inquiry), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.



MMC INVITES EVIDENCE ON COATS VIYELLA'S PROPOSED ACQUISITION OF THE

TOOTAL GROUP

The Monopolies and Mergers Commission would like to hear from any person or organisation with views on Coats Viyella's acquisition of 29.9 per cent of the Tootal Group pic and its proposed acquisition of the remaining 70.1 per cent.

The Commission will be studying the possible effects of the mergers in the UK textiles industry and will be examining in particular the supply of industrial and

domestic sewing thread. The Commission would like evidence in writing by Wednesday 19 July to be sent to: The Reference Secretary (Coats Viyella/Tootal Inquiry), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS
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We are pleased to announce that copies of the Ploneer Financial Report and the Afer Business Report, for the transitional, six-month period ended 11st March, 1999, are now available to EDR Holders upon application to The Eart of Tolyo, Ltd, 20/24, Moorgate, London, EC2R 60H, and the Agent, The Earth of Tolyo, Ctd, and the Agent, The Earth of Tolyo (Ltd, part the Agent, part

Bank of Tokyo International Limited (London Depositary) 7th July, 1969

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Hambroe Bank Linebed 7th July 1989

17

FT LAW REPORTS

Rollover relief is based on full ownership period

RICHART (HM INSPECTOR OF TAXES) v J LYONS & CO
LTD ceased to be used for trade purposes, was then let for several years, and was disposed of in

Court of Appeal (Lord Justice Dillon, Lord Justice Butler-Sloss and Sir George Waller): June 29 1989

ROLLOVER TAX relief on chargeable capital gains made on disposal of assets used for trade purposes during only part of the ownership period, is calculated on the basis of an apportionment of consideration; and although the gain is only chargeable insofar as it accrued after April 6 1965 when capital gains tax was introduced, epportionment is made by having regard to the time and extent of trade and non-trade use of the asset, not warrely from that merely from that date, but throughout the entire period of ownership.

The Court of Appeal so held when allowing an appeal by the taxpayer, J Lyons & Co Ltd. from Mr Justice Millett's decision that apportionment of chargeable and non-chargeable gain for rollover tax relief pur-poses was to be calculated as though the gain began on April 6 1965, and not before.

LORD JUSTICE DILLON said that four properties were acquired by Lyons well before April 6 1965 when capital gains tax was introduced. They were used by Lyons for the purpose of its trade until after April 6

years, and was disposed of in 1979 or 1980.

Section 33(1) of the Finance Act 1965 (now section 115 of the Capital Gains Tax Act 1979) provided for rollover tax relief where the consideration for disposal of old assets used for trade purposes "throughout the period of ownership" was applied in acquiring new assets for trade purposes.

The subsection was not directly applicable in the present case because the old assets, the four properties, were not used for the purposes of trade throughout the period of own-

Section 33(8) provided that if the old assets were not used for the trade throughout the period of ownership, the sec-tion should apply as though part of the asset was a separate asset wholly used for trade purpose. That part represented its use for trade purposes "hav-ing regard to the time and extent" to which it was so

The subsection was to apply in relation to that part "subject to any necessary apportion-ment of consideration . . . "

The effect of section 33 was to reduce the amount of the acquisition consideration by the gain realised on the dis-posal, so that the tax on that gain was rolled over or deferred until the new assets were disposed of (when it Each property, after it might be deferred again).

There was, however, an important qualification. The reduction was the amount of the chargeable gain, not the whole gain (see Schedule 13 paragraph 2 1967 Act).

The point of that was that Part II of Schedule 6 to the 1965 Act, which was concerned with assets already held on April 6 1965, was designed to ensure that the gain realised on subsequent disposal was only chargeable to capital gains tax insofar as it was to be treated as having accrued over the period beginning April 6 1965 and ending with disposal.

The Crown relied on two arguments. Mr Justice Millett accepted its broader argument, but rejected the narrower argu-

The broader argument applied to all four properties. It was founded on the proposition that as the extent of the rollover relief available after disposal of an asset held on April 6 1965 was referable to the amount of the chargeable gain on that disposal, and not to the amount of the gain, common sense required that the time to be taken into account in mak-

be taken into account in making an apportionment under section 33(8), "having regard to the time and extent" to which the property was used for trade purposes, must be time from April 6 1965 onwards.

It was not suggested that that result could be reached simply by construing "period of ownership" as not including any period before April 6 1965.

But, it was said, it could be achieved on a purposive con-paragraph 24 of Schedule 6. struction.

It was said, and the judge accepted, that time before April 6 1965, on a purposive construction, was irrelevant. There was common sense in the argument, since the extent of rollover relief on the disposal of a pre-April 6 asset was limited to the chargeable gain attributable to the period after April 6. But the words used in

argument.
The opening words of section 33(8), "if the old assets were not used for the purposes of the trade throughout the period of ownership," pointed to a time apportionment. On the natural meaning of those words, time during the period of ownership was capable of including time before as well

section 33(8) did not fit the

as after April 6 1965.

The judge regarded the wording as "cryptic" and "ambiguous," and he therefore felt able to take an indirect route to the sensible result, in preference to what he regarded as an absurd result.

He was disregarding the time before April 6 as part of the "period of ownership," instead of having regard to that time as directed by section

The Crown's broader argument was rejected. Its narrower argument only applied to two of the properties. In the case of properties No 1 and No 2, gain after April 6 to elect for computation of

Under that paragraph the

gain was assumed to have grown at a uniform rate from nothing at the beginning of the ownership period, to its full amount at time of disposal. The chargeable gain was calculated by way of apportionment

With property No 4, how-ever, the consideration received on disposal included development value. It was therefore mandatory to calculate chargeable gain under paragraph 23 of Schedule 6, not

paragraph 23 of Schedule 6, not paragraph 24.
Where paragraph 23 applied, it had "to be assumed" under subparagraph (2) that the asset was sold by the person making the disposal and immediately re-acquired by him at market value on April 6 1965.
The Crown submitted that

value on April 6 1965.

The Crown submitted that because of paragraph 23(2), property No 4 must, for section 33 purposes, be treated as having been acquired by Lyons on April 6 1965, and not before.

The objection to that argument that the treatment of the complement.

ment was that development value, which made paragraph 23 applicable to property No 4, had nothing to do with the matters with which section 33 was concerned.

The same point arose in relation to property No 3, under paragraph 25 of Schedule 6. Paragraph 25 gave the per-son who disposed of an asset held on April 6 1965 the right

chargeable gain on the basis of a deemed disposal and re-acquisition at market value on April 6 1965, instead of on the basis of straight line growth under paragraph 24. It provided that if the person

so elected, "it shall be assumed" the assets were sold and re-acquired on April 6 1965. Paragraph 22(2) said that for the purpose of that "it shall be assumed, wherever relevant" that assets were sold and re-ac-

Each of the three forms of words must have been intended to have the same effect. The words "wherever relevant" were implicit in para-graphs 23 and 25.

The assumptions that the assets were sold and re-acquired were not relevant for the purpose of section 33(8), and should therefore not be made. The actual period of ownership was to be considered, not a hypothetical period founded on an assumption for other purposes.

The narrower argument was ment was also rejected, the appeal was allowed. Lord Justice Butler-Sloss and Sir George Waller agreed.

For the Crown: Nicholas Warren (Solicitor, Inland Reversus). For Lyons: Andrew Thornhill QC and David Ewart (Ashurst Morris Crisp & Co).

Rachel Davies



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FINANCIAL TIMES

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BEFORE BLÉRIOT HAD CROSSED THE CHANNEL. Australian Mutual Provident HAD CROSSED THE WORLD.



he intrepid aviator skimmed the waves to land at Dover on July 25th 1909. A far-sighted Daily Mail ran the headline 'Britain no longer an island'

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Both Blériot and AMP were pioneers. Both forged new links between Britain and the world.

80 years on, the AMP Group is still a pioneer and a leader.



ritish electronics engineers have made a breakthrough in the processing of television images, which looks certain to accelerate the convergence of personal computing and video technology. Many experts say that the develop-ment will prove as significant as Gutenberg's invention of

moveable type or Logic Baird's pioneering work in television.

The achievement — underlined by orders from International Business Machines, the world's largest computer manstep forward for interactive video technology, where a personal computer is used to control and manipulate video images from a laser disk, mixing them with information derived from the computer's

memory.
Interactive video has so far found its greatest application in computer-assisted education systems, where course work and self-assessment questions in text form are mixed with television pictures of, say, a scientific experiment or a geo-

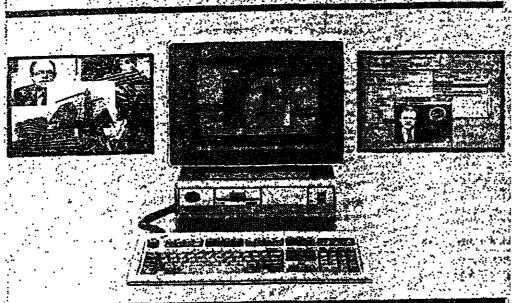
graphic region.
The breakthrough involves both electronic hardware and computer software. Videologic, a small electronics company recently acquired by Avesco and based in Kings Langley, Hertfordshire, has developed a printed circuit board and a special set of microchips. When plugged into a personal com-puter, the Digital Video Adapter (DVA) 4000 allows it to handle video images in ways which have not hitherto been possible, opening up a world of opportunities in industry, commerce and education

It makes it possible, for example, to treat a moving television image complete with sound as if it were an applications program like a spreadsheet or database. The image can be displayed on a conventional computer monitor (in itself a breakthrough), expan-ded, contracted, placed in a screen "window" and even screen "window" and even shrunk to the size of a screen "icon" and parked to make space for other tasks.

Most important, the video image obeys what the experts describe as the "grammar" of television – images can be faded out, merged into one another, frozen or superimposed on each other. Experts say that these new facilities provide the bridge between the sophisticated television images, which people have come to expect, and the crude graphics and rough cut handling of video images typical of interactive video today.

The day when a personal computer also provides high-definition TV is about to dawn following a breakthrough in the UK. Alan Cane reports

A video window of opportunity opens



Television pictures from a laser disk (centre), satellite (right) or cable (left) can be mixed with computer generated information on an IBM microchannel architecture computer

Here are examples of what is possible with the Videologic

 A foreign exchange dealer can have on his computer screen simultaneously Reuters money rates, a spreadsheet and a broadcast from the Chancellor of the Exchequer discussing the strength of the pound.

• A student watching a film about wild life wants to know more about a particular monkey; when an electronic pointer touches the image, a wealth of information is brought to the screen.

• A businessman can have his

his own newspaper - The Daily Me - put together con-taining items of interest to himself combed from the world's media channels.
Tony Maclaren, Videologic's managing director, has just returned from exhibiting the

Expo, in San Francisco, California, where, by all accounts, it stole the show.

DVA-4000 at The Hypermedia

point of view is the fact that the West German subsidiary of IBM has agreed to market the Videologic board as an integral part of its new Learning Train-ing System 90 (LTS90) educa-tion workstations, a computeraided learning system which combines graphics, simula-tions, audio and direct interaction with the video screen.

West Germany is IBM's most important European market. The LT\$90 will also be used internally for staff and customer training.

Max Whitby, a senior producer with the BBC's Interactive Television Unit, says that Videologic is genuinely ahead of the field; other companies have managed to digitise the video signal but they have yet to master the "grammar" of

Videologic's breakthrough is not a bolt from the blue. Estab-lished in 1984, it has been a leader in interactive video technology for most of its exis-Of more significance to tenes. Its customers include Videologic from a commercial Lloyds Bank, Sony, Philips,

graphics, the size of the picture cannot be manipulated.
The DVA-4000 changes all that. Essentially, it provides a means of turning a television picture, taken either off-air or from a laser disk, into the computer language of binary digits. The digitised image can then be displayed on a high definition colour computer monitor of the kind supplied for IBM's

new PS/2 range or Apple's Mac intosh II. Once the signal is in digital form, it can be manipulated by computer in all manner of ways. The problem for interactive video systems is the sheer volume of information contained in a conventional analogue television signal. aclaren says it cost about £1.5m to develop the five spe-cial microchips on the DVA-4000 which collect, digitise and

process all that data. Plugged into an IBM PS/2, the board has to process 25m bits of information a second to handle moving pictures. In normal mode, a PS/2 would be pushed to handle 1m bits of information a second, Maclaren says. Some of the chips were designed using computer-aided tools provided by the US company VLSI which also manufactured the

chips for Videologic. The largest chip is of similar complexity to a Motorola 68000, which represents in silicon an entire 32-bit microprocessor. The Videologic chip contains a complete television tuner ~ in other words, with the DVA-4000 fitted, an IBM PS/2 is both a PC and a high definition television set.

Jaguar, Shell International

John Hancock and the US

Naval Academy, Its first impor-

tant development was the Mul-

ti-Media Interactive Control

(MIC) system, a combination of hardware and software which

made it possible for an IBM

personal computer, or compati-ble, to function as an interac-

MIC is licensed to Applied Learning, Crosfield Electron-

ics, Philips, Sony, Videofusion

and IBM.
In February, Videologic was

bought for £10m by Avesco, a

UK broadcast and video com-

munications company. With a turnover of £24m in 1988-89,

Avesco's products include

video standards converters and

test equipment. It also hires

out Starvision screens for

systems have severe limita-

tions. They are designed to

work with television monitors

sports events and concerts.

The DVA-4000 printed circuit board, a complex artifact com-prising eight layers, was made in the Netherlands. At one level, handling digital images simply means having a computer system large enough to know what each picture ele-ment (pixel) should contain on a microsecond by microsecond basis. Image generators of the kind built by Ampex (they are responsible for television pic-tures which tumble into space or wrap themselves around things) use vast computer power to achieve this and are priced accordingly - 2500,000

and upwards.
The Videologic board costs Maclaren says that conven-tional interactive video only about £1,800. It does not perform tricks like the Ampex equipment, but nevertheless Maclaren thinks it will cut the rather than computer screens, which introduce problems of cost of conventional image processing by a factor of 100.

screen flicker and low defini-tion. Furthermore, although Big Mac's full screen images can be dis-played and overlaid with com-puter generated text and remote clock

HUSKY Computers, of Coventry, a specialist in small, robust machines for use in difficult environment is putling its Hunter model into all 300 of McDoneld's fast

food cutiets in the UK.

The machines are part of a £1m project to modernise "clocking in" by employees.

Each installation will include e card reader and a mode (data transmission unit). Staff will clock in and out by passing personal bar-coded plastic cards

through the reader. The data is verified and time "stamped" by the Hunter and stored in solid state memory until the end of the day.
At night, a Husky Mercury 2 communications controller at McDonald's London headquarters, automi interrocates all the restaura units in turn over te lines and transfers the data to an IBM mainframe

rocessing. McDonald's says that the system will substantially reduce paperwork for managers, cut costs and improve the accuracy of

computer for payroll

payroll work. The Husky unit proved sultable for this unusual remote politing system because of its powerful its big liquid crystal display, easily seen by staff.

Electric response to pipe fur

A NOVEL means of preven "furring up" in hot water pipes has been developed by the French company RER.

None of the custo chemicals are involved. instead, a length of steel tube is installed in the water circuit, surrounded by powerful magnets.

Normally, molecules of calcium, are in suspension in most water supplies and they tend to coagulate into larger particles, called macro-molecules, which then become attached to the pipe walls to form scale or fur

The effect of the magnetic field on the macro-molecules is to break them up by inducing electric charges into the molecules that make them up. The inside of the tube has spiral grooves (like a rifle barrel) which impart a swirling motion to the water and improve molecular



HTROW Watching

Edited by

Geoffrey Charlish

sufficiently charged for about 30 hours so that, in most water systems, they never have the chance to coeguists and stick to the pipe walls. An advantage of the system is that there are no moving parts and no chemicals to repienish, making it maintenance free and very

The unit can be supplied for yarlous flow rates to suit anything from large heating systems, laundries and hotel supplies to a DIY kit for

A hot tip for stee! casting

TWO UK companies, BOC of Shipley, Yorkshire, and Tetronics Research and Development of Faringdon, Oxfordshire, have devised a technique to improve

continuous steel casting. The process uses heat generated by an argon plasma to achieve precise point where the steel is cast A plasma is a mass of hot gas heated by the passage of large electrical currents. In continuous casting, a

ladle is used to top up a reservoir of motion steel in a container called a tundish. The tundish has down pipes which supply steel to the continous casting, water-cooled copper moulds A problem is that, towards

the temperature drops and can reduce casting quality The Tetronics plasma torch, applied at the surface of the molten steel in the tundish, is able to control the temperature to within plus or minus 5 deg C. It can apply

(equivalent to about 5.000

the end of a tip from the ledie

domestic electric fire elements), at temperatures of about 10.000 deg C, the dispersion being wide to avoid damage to the

The power is easily controlled and does not contaminate the steel or the environment.

Phone on hand for home banking A TELEPHONE handset that

can be used for home

banking has been introduced by Philips of the Netherlands. The company believes the instrument, called Sophoset 162, will be suitable for supply by banks and building societies to their customers. it can operate either as a conventional Strouger pulse instrument or as a multi-tone device for data transmission

The retail price is about £36, but Philips suggests financial institutions might offer the units free or at cost price to induce people to use home banking services. The user would simply dial the appropriate bank number and then switch to the data mode to make transactions or gain ccess to account

Information. "Star" or "hash" keys are used to achieve the switch between modes and the instrument automatically reverts to conventional operation as soon as the handset is replaced.

Fastest chip in latest IBM PC

IBM HAS introduced a version of its Personal System/2 that uses the latest Intel 80486 Intel chips have increased in power in the last few years. Most machines still have the 286, but many models are being introduced with the

faster 386. However, the latest device, the 486, is between two and three times faster The computers using it are simed at numerically intensive applications. The main effect is that complex tesks, such as computer-aided design, can

and the image appearing. CONTACTS: Husky Computers: UK, 0203 668181. RER: Franca, 7850 0237. BOC: UK, 0483 34226. Philips Business Systems: UK, 0206 575115. IBM UK,

be carried out with far less

delay between the comm

Europe-Brazil altogether 29 flights per week.

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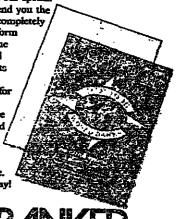
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FINANCIAL TIMES



Humberside has made a good recovery from the dark days when unemployment

soared to 20 per cent. Now, as the county looks forward to becoming the gateway to Europe its boundaries are again under review.

Recovery amid controversy

HUMBERSIDE, the county created amid much controversy in 1974 from the East Rid-ing of Yorkshire and the parts of Lincolnshire which border the Humber River, has taken many hard knocks in its com-

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Stewart Dalby reports.

paratively short life. Now, just as it has begun to regain its feet economically, its territorial integrity is once more being questioned by peo-ple on the north bank of the Humber who are unhappy about being incorporated in a county which includes parts of what was once Lincolnshire. Consequently, the Government has asked the Boundary Commission to re-examine its find-ings last year that the county works as an administrative

During more than a decade of trauma, at least 20,000 jobs have been lost in fishing, the area's main industry until the 1975 cod war and the subsequent imposition of EC quotas on fish catches. More than 12,000 jobs in the steel industry have disappeared, and the engineering sector is estimated to have contracted by some

By the end of the recession in the early 1980s, memployment had rocketed from 7 per cent to about 25 per cent, with some 70,000 on the jobless reg-

ister out of a workforce of 350,000. Relatively higher numbers of women at work dis-guised the fact that male unemployment in some areas tou ched 40 to 50 per cent.

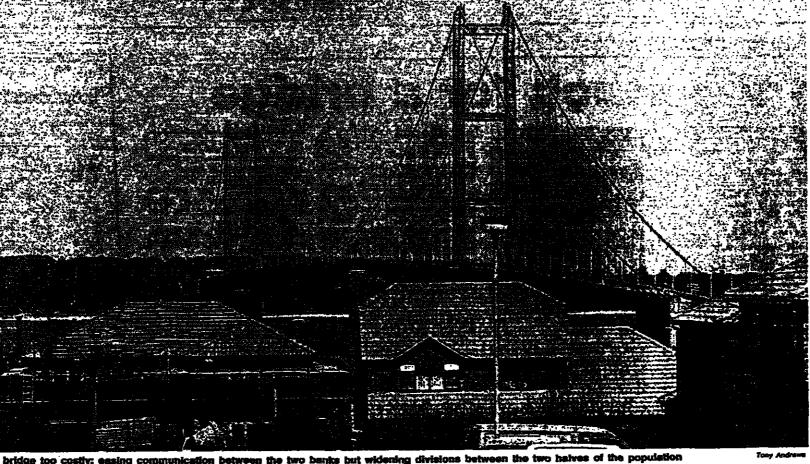
The tide began to turn in the mid-1980s when the economic development unit of the county council, in conjunction with sympathetic Labour Partydominated county and district councils, started systematically to lobby Westminster and the European Community for grants and assistance.

The momentum of inward

investment - and associated job creation - has really

begun to pick up in the past couple of years. The local Economic Development Unit (EDU) estimates there was £1bn of private sector investment in the county in 1988. ment in the county in 1988.
This compares with £800m in 1987 and £500,000m in 1986.
A large proportion of this investment has poured into Scunthorpe, the old steel town. Scunthorpe was given the full range of aid then available. It used these windfalls to attract dozens of diverse companies. dozens of diverse companies and the unemployment rate in

the town has dropped to under



retained a role as an important fish distribution centre and it is probably now the largest in

The town has branched out into other areas of food processing and manufacture to the point where it now has more than two-thirds of its working population involved in this industry, and promotes itself as Britain's food capital. It has aspirations to the same title in Europe. Hull, with 250,000 people, is

the region's most populated centre, and its revival is not so much a result of the establishment of new companies, or the rebirth of the fishing industry, but because of the expansion by companies that were already in the town and its environs. BP Chemicals, Smith and Nephew, and Reckitt and Colman have all expanded in line with the buoyant national economy and the local renais-

Overall, unemployment for Grimsby has developed dif-ferently. Although it lost its deep sea fishing fleet, it has per cent for the UK. Male

unemployment was slightly higher, probably about 12 to 13 per cent, and male wages are stimated to be 90 per cent of the national average. It is therefore arguable that regen-eration still has some distance

to go.

There is also a risk that further progress could be stymied by a failure to sort out the county's identity problems. The county's formation was troublesome from the start, since the "tykes" of Yorkshire do not wish to be associated with the "yellow bellies" of Lincolnshire, as they term

The so-called "yellow bellies" barbour similar feelings about Yorkshire people even though residents of Scunthorpe, Grimsby and other towns on the Humber's southern banks probably have more in comon with Yorkshire than they have with the rural folk of Lincoinshire further south. The arguments about dis-

membering the county are crudely emotional. Some of them border on the farcical.

The "tykes" are worried that their sons will not be able to play cricket for Yorkshire. They do not want to play for Humberside, still less do they want to open the batting for Lincolnshire. In reality, Humberside cricketers quality to play for Yorkshire. No-one seems able to

advance serious economic reasons why the county should be broken up. The Boundary Commission reported to the Gov-

ernment towards the end of last year that Humberside worked as an administrative unit and should continue as a

the May 4 county council elec-

tions. There was a hung coun-

cil at the time and the Conser-

vatives were the only group to adopt an ambivalent attitude

on the question of Humberside.

If the move was political it went hadly wrong because the

Labour Party scored a sweep-

ing victory in the polls and now has an overall majority of

seven in the 75-member coun-

pro-Humberside and has com-

piled a copious document advancing reasons why the

four alternative options for the

structure of the county are

impractical.
Its reasoning may well sway

the Boundary Commission but, in the meantime, all the old

arguments about the formation of the county will be dragged out again and will divert atten-

tion from what the council sees as its main task: consolidating the county in preparation for

the opportunities in Europe

after the single market arrives in 1992.

The problems of the county's

The new council is fervently

Emotional though the anti-Humberside campaigns may be, they occasionally gather force and in March this year Mr Nicholas Ridley's Depart-ment of the Environment responded to one of the campaigns by asking the Boundary Commission to re-examine the question of the county's bound-

Officially, the request was made because the department received several thousand received several thousand letters demanding abolition. Councillor Terry Geraghty, the Labour Party leader of the Humberside County Council, says Mr Ridley has received more than 1m letters opposing poll tax but has not yet decided to "have another look at that".

Mr Geraghty is not alone in
believing that the decision to

refer back to the Commission the question of boundaries was a political ploy designed to help the Conservative Party in Humber Bridge. A glance at the map reveals that Humberside only really makes sense if the two banks are linked. Humberside is the largest Cat estuary on Britain's east coast. and boasts its best deep water It has large tracts of land available for industrial development and is a natural base

integrity are further com-pounded by the complex ques-tions about the funding of the

for support services to the lower North Sea and for pero-chemical companies. More than this, it is actively promo-ting itself as the gateway to Europe. It is 14 hours by sea . or an overnight journey - frem Zeebrugge and Rotterdam. After Dover and Polizstowe. the Humber ports handle the most traffic on the east coast and are growing faster than

any. To realise the potential of consolidate its integration around the estuary by easing communication between the two banks. Freight and passenger tolls for crossing the bridge are prohibitively expensive £1.50 for a single journey by car and £8 for a heavy vehicle. This means that traffic acress the bridge is much less than it might be. Therefore, instead of acting as a unifying factor, the bridge is actually contributing to the divisions between the is needed is for the financing of the bridge to be sorted unit.

In the shorter term, cuestions can be posed about whether the development of Hull, and to some extent Grimsby, is somewhat lap-sided in that the lion's share of investment is going into speculative house building and service industries which may not provide jobs of any permanence. Many ask whether investment should not instead be diverted to manufacturing industry which is more likely

to create lasting jobs.

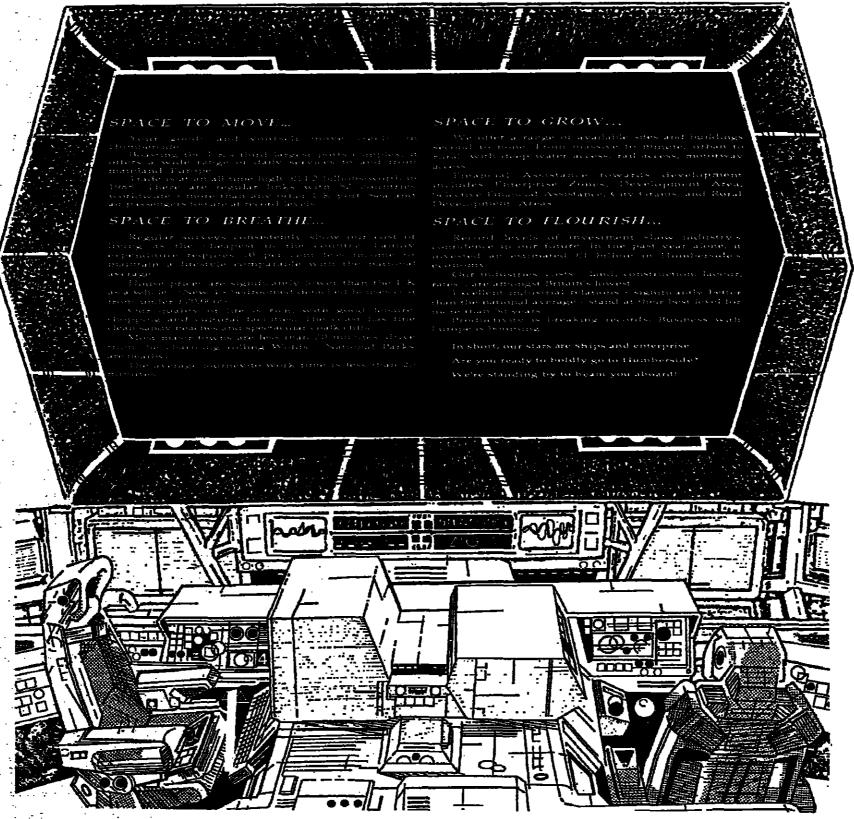
The heart of Hull, down by the dock area, is now a place ant area, miles removed from the old image of a smelly, working fishing port. Two dail docks, the Humber Dock and the Railway Dock, have been turned into an attractive marina. A former warehouse has been converted into the smart Post Hotel.

This is all very well but should the council have spent money smartening up the docks and pedestrianising the centre of town when there are still 15,000 on the waiting list

for housing?
Councillor Pat Doyle, the
Labour Party leader of Hull
District, answers this criticism by pointing out that the council does more to solve housing problems than most other councils. Housing is still being Continued on Page 3

SPACE...

...far from being the final frontier, its accessibility is taken for granted in Humberside...



THE NATURAL ROUTE FOR EUROPE. HUMBERSIDE.

The County Bosponic Development Unit, Humberside County County ty Hall, Beverley, North Humberside, HU17 9BA. Tel. (0482) 867131. Telex 597 556. Fex (0482) 871260. Stewart Daiby counts the cost of spanning the Humber River

Much too much for a bridge

going to make sense only by building a bridge across the Humber, linking the nine districts, Beverley, Boothferry, Cleethorpes, East Yorkshire, Glanford, Grimsby, Holderness Hull and Scunthorpe. Some of these districts had been in two counties, so a bridge, in a sense, would symbolise the

new county's identity.

But a permanent link over the Humber would also rationalise the county's economic life in a practical way. The administrative capital is in Beverley on the north bank seven miles from the main town and population centre, Hull. Three of the four main ports are on the south bank if one counts upriver Goole as being on the south bank. The most dynamic industrial centre. Scunthorpe, is also south of the river. The bridge would therefore consolidate the excellent road net-work being constructed in the 1970s and would facilitate access to all parts of the

Such was the thinking in 1974 when the county was formed.

In 1961 the Humber Bridge, now the longest suspension bridge in the world, was duly completed and, theoretically, Humberside should have become more closely inte-

However, the financing was complicated. A Humber Bridge Board had been set up as a statutory body by an act of Parliament to build the bridge and subsequently to run it. The structure was to have cost

the power of Logan.

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£19m but after the bouts of inflation in the 1970s the final bill turned out to be £90m. The bill turned out to be £90m. The money came in the form of loans from the Government. The board was allowed to roll up interest until 1994. This apparently was the usual period for a development project of this kind. The thinking was that the tolls would evenwas that the tolls would even-tually relieve debt burden. However, the negative interest rates of the 1970s became posi-tive ones in the 1980s, thus in 1981/82 the bridge earned £3.2m of which £800,000 was allocated for maintenance. In that financial year interest was £18m and has been compounding ever since. Today the debt is £350m and could be £500m by 1994 unless something is done to relieve the burden.

Because the act was passed when Hull was a county borough and the legislation was never changed the present Hull District Council could face most of the liability for the out-

After protracted negotiations and a public inquiry last Octo-ber about bridge tolls, it was apparently agreed that the Government would "recreate", as its termed, most of the debt providing the tolls were realistic and index-linked. In effect, the government would write off a substantial portion of the

outstanding debt.
As a result of the inquiry the charges are about to go up for cars from £1.50 to £1.60 for a single journey and from £8 to £11 for a heavy goods vehicle with four axles. This would apparently meet the govern-



Terry Geraghty

ment's proviso about charges and the assumption, therefore, is that the government will soon write off a large portion of the debt.

However, no-one is sure because the deal is supposedly secret, and nothing has been committed to paper. But it is a very open secret, and the thought of a rising debt causes the county council, as well as the Hull District Council, con-siderable concern. Nevertheless the county council, unlike the district council, wants tolls discontinued. Ultimately it might find itself footing some of the bill through increased poll taxes. This could deter

companies from setting up in the county. In the meantime it is worried about the divisive effects charges have on the unity of Humberside. The bridge is already one of the most expensive bridges in

Britain. Increased charges will probably mean fewer people will use it. Mr Mike Fell, the port manager for Associated British Ports at Hull, estimates that the bridge tolls put 50p on the cost of a ton of freight. Some companies are talking of driving right round the river, adding about 11/4 hours on the journey from Hull to Grimsby. There is evidence that people living in Hull are reluctant to take jobs in Scunthorpe because commuting by car across the bridge costs £15 a week. Certainly, people living on the south bank are loath to take advantage of the leisure

in Hull. In short, the bridge is far less unifying than it ought to be because it exacerbates the antipathy south-bankers feel for those north of the Humber and vice-versa. The toll is therefore undermining all efforts to integrate fully the

facilities such as the ice-rink,

economy of the estuary.

It is a pity, because Humberside is facing the right way for Europe and is ideally placed to take full advantage of the sin-

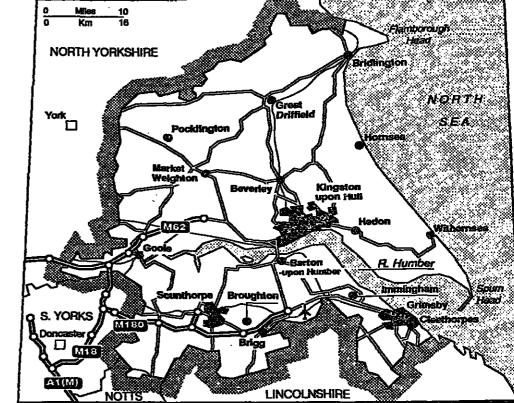
KEY FACTS

Area: 1.356 Square miles Land: About 7 per cent is urban land, 8 per cent other non-agricultural land, the resi agricultural land. industry: Food and drink, chemicals, steel, transport and distribution.

Humber estuary: One of the few deep-water estuaries in Britain with a potential for additional large-scale development. With its tributaries it drains nearly 20 per cent of England - the largest catchment area of any estuary in

gle market from 1992. The roadwork servicing the ports is already in place. On the south side the M130 is only minutes away from the M1 and the A1. On the north bank the M62 links up with the A63 which runs right into Hull and the

This network could be augmented substantially if an ambitious scheme to build an east coast motorway extending the M11 from Cambridge to Newcastle goes ahead. The county council is the moving spirit behind the idea. It has contributed £50,000 for a feasi-



bility study costing £300,000. Some £200,000 has so far been raised, largely from private

industry. Although such a motorway is outside the road expansions costing £12bn envisaged in the Government's recent white

paper, Mr Paul Channon, the

Transport Secretary, has told the council he will look at the results of such a study with interest

Such a motorway would go right across the Humber Bridge, and further transform radically the economy of east England. The arguments for

getting rid of the tolls seem compelling. Mr Terry Ger-aghty, the leader of the county council, feels that at the end of the day, the Government will have to write off the debt and get rid of the tolls – that is, if the county is going to function as originally hoped.

Scunthorpe polishes up its tarnished image

No longer a laughing matter

blighted by its image, it must have been Scunthorpe. The former Lincolnshire town was once the butt of almost every music hall joke. The late Jimmy Edwards, for instance, used to compare every misera-ble occasion with being in Scunthorpe on a wet Sunday

This may not have mattered when Scunthorpe was a flourishing steel town and unemployment was low, sometimes as low as 5 per cent, and wages comparatively high. But in the 1980s overcapacity in the steel industry changed the situation dramatically. In 1982 the last products rolled off the mills at the Normandy Park steelworks and the town and its people suffered severely as a result of the closure. Scunthorpe had been a one-industry town with some 20,000 out of a population of 70,000 people in the mills.

Thousands were made redundant and the unemployment rate rocketed to more than 20 per cent. Male unemployment was much higher. Today, in a slimmed down but efficient steel industry, there are 6,000 employees.

The fact that Scunthorpe had come to epitomise a dull, dirty, northern industrial town where entertainment and enjoyment were rare, could have counted against it when trying to attract new indus-

In truth, the comedians have painted a false picture of the town and its reputation is undeserved. Scunthorpe is a garden city with parks and landscaped housing estates. It has 1,000 acres of parkland and open space for its 62,500 inhabitants, which could just mean more greenery per person than



Hutchinson: chief executive

most towns in Britain. The remaining steelworks, it is true, do look something like an L.S. Lowry painting, but the emissions from its smokestacks are not objectionable and, surprisingly, there is no pollution problem.

Mr Ian Crowther, the industrial development officer of the Industrial Development and Enterprise Agency (Idea), image is not a drawback once a businessman or an industrialist is persuaded to visit Scunthorpe. Mr Crowther has been the moving spirit behind the concept of promoting Scun-

thorpe as an island of industry in a rural area. "Once they get here," Mr Crowther says, "everyone is pleasantly surprised by how

nice and green it is."
But the pleasant atmosphere is only one factor among many others that have led to Scun-thorpe's revival. The town has been conspicuously successful in attracting national and

international investment. The agency, was started in 1979 before Mrs Thatcher came to power. Mr Ian Hutchinson, the chief executive of Scunding thorpe District Council, believes the agency was one of the first industrial development organisations of its type

in the country. The Scunthorpe

the imbalance between male and female employment and tried to woo textile and food companies which would employ women. By the time the axe fell on the steel industry in 1982 they had achieved

The attempts at attracting new industry were boosted by the packages of aid assembled from various sources. In 1982, to the chagrin of Hull and Grimsby which gained only intermediate status, Scunthorpe was declared a develop-ment area. This meant that projects qualified for full regional development grants on an indiscriminate basis. In 1983 part of the Scunthorpe area was made an enterprise zone, and this was followed later by a second enterprise zone. This resulted in the abolition of rates, 100 per cent capi-tal allowances against tax for owner occupiers of new buildings and simplified planning

British Steel gave various kinds of aid and assistance, ere were a dised loans available from the European Steel and Coal Com-

in truth the comedians have painted a false picture of the town

munity, and the European Investment Bank under certain conditions.

There were and are other forms of national assistance in the form of the Youth Training Scheme, grants to employers and employment training. In addition, there are various local authority programmes. These include; the Humberside County Council Small Business Grant, the Humberside County Council Employment Subsidy Scheme, the Humberside Venture Capital Register and the Redundant Apprentice Subsidy

Among the great advantages enjoyed by businesses in the area is that communications are very good. To the west the M180 is a few minutes drive from the M1, the A1 and the M62, so that Sheffield, Leeds and Nottingham are an hour away by road, Manchester 1% hours, Liverpool and Birming-ham two hours and London

under three hours. To the east, along the A180, are the ports of Immingham and Grimsby, from where Rotterdam and Zeebrugge are 14 hours away by ferry. To the north, along the A15, are Hull and Goole ports. Another advantage is the

availability of a pool of unem-ployed skilled labour, which is often prepared to work for lower than usual wages. (Even today male wages are 90 per cent of those in the south-east.) Scunthorpe is not on the main commuter rail line to London so house prices have remained Industrial land is cheap and

available. Something like 1,439 hectares out of the total of industrial use in Humberside is in the Scunthorpe area. The average cost of an acre of land. fully serviced is now £40,000. The highest price reached so far is £80,000 an acre, which is vastly different from the £500,000 to £1m in the south-

The go-ahead Industrial Development and Enterprise Agency has a good working relationship with the councils dominated by Labour Party. Consequently, although Mr Hutchinson concedes that the grants were an important factor in concentrating interest in the area, the excellent co-operation with the councils played a significant part in the revival process. "From the start my officers were allowed to get on with it. We were able to offer fully serviced land at a reasonable price with all the other bits and pieces taken care of."

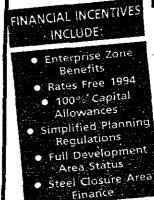
All this has meant that more

than 200 companies have been than 200 companies have been attracted to the area with an investment of many hundreds of millions of pounds and the creation of at least 5,000 jobs. This has dropped the overall property tests to just unemployment rate to just under 10 per cent, although male unemployment is still nearer 12 per cent. Mr Crowther says: "We have established 2.75m sq ft of factory space in the past five

Mr Crowther insists that Idea has been concerned to attract manufacturing companies. He says: "We have not looked to service companies. We are a manufacturing town. Service companies can disappear as quickly as they came, if the going gets tough."

Large concerns in technology like Ericssons have become well established in Scunthorpe and have expanded. In furniture there have been a number of companies, such as HLF, Spring Ram, Hygena and Chippingdale Kitchens, setting up. Unigate has started a poultry factory and Ginetta Cars, the area's only sports car manufacturer, has set up in Scunthorpe. It makes the G32 which is supposed to be the answer to Toyota's MR2. "The trouble is," as Mr Crowther points out, "Ginetta makes five or 10 a week whereas Toyota makes five or 10 every few minutes." Another company in Scunthorpe is Skippingdale Paper Continued on Page 3

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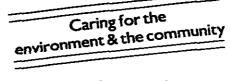
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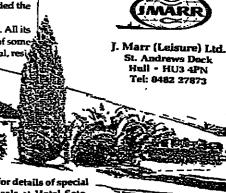
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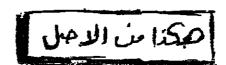
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HUMBERSIDE 3

Alastair Guild visits the busiest estuary in Britain

Shipshape for the future

British Ports' Humberside ports of Goole, Hull and Grimsby and Immingham have a more optimistic view of the future. The National Dock Labour Scheme is finally on its way out, and with it will go restrictive practices which the managers claim have driven away shipping, and investors in modern port facilities. There is confidence also among the Humber's many private wharves, operating outside the scheme, though it is the scheme that has been partly instrumental in diverting smaller vessels, in particular, in their direction.

It is expected there will be more than enough business to go round. The Humber is already the busiest estuary in Britain, with much of its trade emanating from Rotterdam, as a feeder port, and from northern Europe and Scandinavia. There is the prospect of a rapid build-up towards 1992, while the predicted resurgence in the economy of the region is expec-ted to increase demand for shipping services. Rapidly improving road and rail con-nections will add to the Humber's attractions.

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The estuary handled some 60m tonnes last year, 13 per cent of total UK seaborne trade. The ABP ports accounted for 43m tonnes, the Tetney oil terminal, a mono-mooring buoy in the estuary, handled 7m tonnes and private wharves the rest.

Grimsby and Immingham together handle two-thirds of the total tonnage through the estuary, 70 per cent of that in bulk, serving many of the key industries, such as petrochemi-cals, steel and titanium oxide, on the banks of the Humber. Grimsby, capable of taking vessels up to 150,000 dwt is also an important destination for Danish dairy produce and foreign car imports.

The combined port has broken tonnage records every year since 1984. "Ours has been one

within the scheme, prepared to work hard for good pay," says Mr Dennis Dunn, manager for the combined port. "But changes in working practices will enable us to present an even better picture to the mar-her place." ket place."

He reports an increase in inquirles from foreign shipping operators thinking of seiting up or extending freight handling facilities since the announcement that the National Dock Labour Scheme is to be abolished.

ABP's confidence in the port's future is underlined by plans for a number of significant investments. A bill for a large deep water terminal is now before Parliament, for example, and discussions are under way with industry about the future of some of the dock

There will be more then enough business to go round

areas where once large trawlers landed their catches. Grimsby still holds a key anction for fish landed by boats, from Grimsby and other ports, as well as being an important centre for fish processing. Among the possibilities is the recismation of the old

docks for industrial uses such as fish processing, and the rebuilding of the fish landing and auction areas.
Of all ABP ports, Hull has

the most to gain from the abo-lition of the Dock Labour Scheme, says its manager, Mr Mike Fall. It owns 2,000 acres across seven miles of waterfront, large tracts of which await development. There is the prospect of re-opening whole areas of dock which were closed in the early 1980s with the loss of trade to other ports. "The scheme is the only factor that has been holding us back, says Mr Fell. Hull, which caters for ves-

sels up to 30,000 dwt and han-

total, has nevertheless seen £16m of investment over the past three years. A bill is now before Parliament seeking clearance for three new berths to handle roll-on, roll-off traffic, which at present represents 50 per cent of Hull's traffic.

It has greatly increased its throughput of timber in the past few years and is the sole port of entry for Lada cars, while its passenger terminal, opened in 1987, now handles more than 700,000 passengers a year on the crossing to Rotter-

year on the crossing to notter-dam and Zeebrugge.

The removal of the Dock
Labour Scheme is also expec-ted to benefit Goole. Some 80km up river from the mouth of the Humber, or five hours saling at 10 knots, it is handling the size of vessel which has become the staple business of the private wherf.

The greater flexibility will enable us to compete better," says Mr Trevor Ankl, Goole's administrative and commercial officer. "The port already reports substantial increases in tonnages handled for the past three years, with iron and steel, containers and coal being the main in and out cargoes . "It is reassuring that much of that increase has been traf-fic taken from the wharves.

There was a feeling that we would have to concentrate on specialist, particularly con-tainer traffic, requiring heavy capital investment in handling equipment and cranes. But we have shown we are competitive as well in handling 'easy' car-goes, such as bulk and pala-tised goods."

Vessels have continued to use ABP ports partly because of the preference among ship owners for a closed dock sys-tem, says Mr Auld. Vessels are able to stay afloat across tides, vital for RO-RO traffic in particular. At Goole, the water level is maintained at 5.5 metres throughout the dock. The ending of the Dock Labour Scheme will also

dles 6m tonnes of the Humber as a distribution centre, attracting investment in warehousing, Mr Auld believes. ABP has filled in old dock areas and reclaimed marsh land to provide space for a con-tainer terminal, timber storage and stockpiling imported bulk and stockpling imported bulk materials. Shippers and freight forwarders would be drawn to the port by its proximity to the motorway and rail network, says Mr Auld. It is also close to the Aire and Calder Canal which can take barges carrying up to 800 tonnes. up to 800 tonnes.

The wharves appear largely undaunted by the prospect of the National Dock Labour Scheme disappearing. They have prided themselves on quick turnarounds, only possible by employing non-scheme labour, with vessels able to come in on one tide and leave on the next. Much of their business has come by way of business has come by way of recommendation.

Gunness wharf, five hours sailing up the Humber, on the banks of the River Trent, is one of the largest private wharves. It handles 2m tonnes each year through its existing eight berths, while its owner, J Wharton (Shipping), is build-ing two new lettles, increasing its handling capacity to 3m tonnes. The wharf can take vessels with a maximum draught of 5.5 metres.

The company also has a £2.5m programme to increase its warehousing and tarmac stocking area. It already has 300,000 sq ft of warehousing, and has installed an impressive computerised system of weighbridges, enabling the company to monitor the prog-

Vessels from Europe and from Polend, Yugoslavia, Greece and Spain use Gunness wharf, with British Coal among its large customers. "Providing we can maintain our service to the customer, and keep our record for efficiency, we can be confident about the future," says Pamela Davies, of J Wharton (Shipencourage the growth of Goole ping).

CRIMSBY'S reputation as a fishing port has spread world-wide since the opening of its first fish dock in 1856. Not by

accident does the town have the largest Icelandic commu-nity outside London in the UK. But perhaps less well-known is its more recent emergence as a centre for food processing of all kinds, not merely fish. It is

now promoting itself as the Food Town of Europe. Its market still thrives, with more than 200 merchants carrying out their early morning bidding for fish brought in from around the UK coast, Ireland, Denmark, Holland and Iceland, augmenting direct landings. Processing, cold stor-age and specialist hanlage and distribution services have leveloped alongside the docks.

However, the householdname frozen food companie that were originally attracted to the town no longer buy exclusively from the Grimsby auction, purchasing as well on the international market. Equally, they have diversified away from "commodity" fish products, such as fish fingers, to respond to the increasing demand for gournet-type convenience foods.

The Ross part of United Biscuits (Ross Young's) has its origins in a small fish merorigins in a small fish mer-chanting business. It now employs 2,000 on Humberside. The emphasis is increasingly on added value products such as brand recipe meals and spe-ciality seafood products, though 45 per cent of produc-tion remains in "commodities" tion remains in "commodities" such as fish fingers. The North Thoresby plant is where most of its green vegetable processing is concentrated, while its Hull factory produces grill steaks, burgers and meat pies.

Findus, employing 1,200, still produces 12,000 miles of fish fingers each year at its Grimsby plant. Two thousand tonnes of fish fingers are exported, principally to France. It is the only large frozen food manufacturer with its own wet fish and block-making facility, and that is based in Grimsby But before the cod war with Iceland it was producing 20,000 tonnes of fish block a year. Of the 8,000 tonnes it now uses in Grimsby, 5,000 tonnes are bought and made locally, with the remaining 3,000 purchased

GRIMSBY

Food Town of Europe

on the international market. Two thirds of its Grimsby production is now devoted to higher value added, rather than "commodity" products, such as fish fingers, and that gap is widening. Its parent company, Nestle, has invested 28m in new plant and equip-ment at the Grimsby plant over the past year or so, 52m of that to install a new line to increase the factory's capacity for Lean Cuisine and Dinner Supreme "boil in the bag" products, a market worth £28m this year, up 35 per cent on 1988. Pancake production is expected to be worth £30m this year. This year's com invest-ment will be used to build a

more pasta dishes on stream. The investment is also intended to ensure that the factory conforms with EEC direc-

Bird's Eye also has a major programme of investment at its Grimsby plant, where it employs 1,500. It is spending £10m on fish finger production and £20m on the production of the Menu Master range and its Hull plant where 700 are employed in the manufacture of other fish products and vegetable processing.

Humberside will soon play

an important part in satisfying the growing demand for chick-ens, with the opening of Europe's largest single chicken



Thriving fish market: early morning bidding for 200 merchants

handling up to 1m birds a week. It has already received EEC clearance to produce birds for the European market. The company has been in poultry since the late 1970s,

processing and growing opera-tion in Europe. Unigate is investing £55m in the complex.

establishing 46 farms, a feed mill and batchery, capable of

almost entirely through acquisition, but saw a gap in the market for chickens weighing between 3lb and 3lilb, a gap which was being filled mainly by imports. This is the sort of weight that now appeals to the housewife seeing a chicken as one complete meal, rather than a Sunday joint with the leftov-ers used on Monday and Tuesday, says Mr John Davies, for the company. Chickens are now a commodity. This complex will offer the economy of scale, particularly important in such a price sensitive market. The process begins with the intake of day-old "parent stock". These are reared to two or three weeks before matu-rity, and are then moved on to "laying" farms, in the ratio of one cock to 10 hens. There they establish "natural" groupings, and lay in nesting boxes in large air-conditioned sheds Eggs are collected daily and taken to the hatchery where they are incubated. The chicks become the birds that land up

on dinner tables. Unigate chose Humberside partly because of its well estab-lished and defined livestock rearing policy. "The northern half of the county is a major pig-producing area so we were talking with people familiar with the industry, who know its requirements and how to accommodate it, says Mr Davies. South Humberside is also one of the country's main grain producing areas, so is able to meet much of the demand for feed, expected to reach £18m each year.

attracted by the pool of labour in and around Scunthorpe where the factory is situated. It expects to employ 1,200 when the operation is fully up and running. The area's communications for both national and international distribution was another selling point.

Alastair Guild

Recovery amid controversy

built, despite the constraints imposed by Westminster, and its attempts to privatise exist-

The council is involved in a public sector/private sector enterprise with the Bellway government logic here appears

group of Newcastle to con-struct 1,200 low cost houses at St Andrew's dock. Even at a projected cost of under £40,000, the houses are beyond the reach of many families. Central

to be that as the memployment level drops and more women work, then an increasing number of two-income families will be able to afford the

The third dock, Prince's

weather ship to the ass

At the leading edge of

maritime exploration

Fox, latest addition to the Marr scientific exploration fleet, is specially designed for world-wide operation. This British family group now has nine oceanographic vessels in operation around the globe in addition to its UK-based fishing fleet and other fishing and cargo vessels under management. All are enterprise ventures. From the soner mapng of the Pacific Basin's marine resources for the US Government to the discovery of the wreck of the Bismarck; from the operation of the UK's ocean

North and South Atlantic fish resources; from the development of advanced naval warfare technologies to the methodical, unending seismic surveys of

essment and protection of

undoubtedly provide jobs in

Are the authorities not worried about the volatility of retailers as employers? Mr Doyle answers: "I think any dock, is being transformed into job which produces a pay a "spectacular" shopping cenpacket at the end of the week tre costing £60m. This will is a real job."

No laughing matter Continued from Page 2 Products, originally a Scandan-avian concern, which makes environmentally-friendly nap-This company could point the way to the future. Mr Hutchinson says Scunthorpe has not been a relocation site,

34

However, the Idea's most pleasing catch appears to be the Citizen group, which built a brand new factory on a pretty, green site. The company makes computer printers. There are nine Japanese employees, and 150 workers were recruited locally. The staff is expected soon to double.

but has been a place for startups and expansions. Surprisingly, he says, few companies have viewed the town as a

gateway into Europe. With 1992 and the single European market approaching, Scunthorpe could be an ideal base, particularly for Japanese companies wishing to break into European markets. The enterprise zone land has

all gone, and the regional development grants have been replaced by the more discriminatory regional selective assis-tance. Although recently there has been a shortage of land, another fully serviced 200 acres are about to come on stream and it is still comparatively

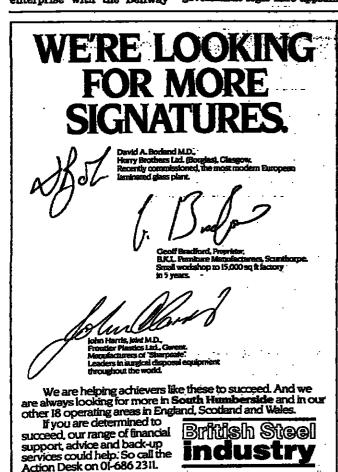
Scunthorpe, meanwhile, is ploughing ahead to make itself

Now that Scunthorpe has overcome its image problem. soon, at a cost of £50m, it will have a refurbished and expanded city centre shopping com-plex. Some 256,000 sq ft are being developed, 150,000 of

them new. Driving back over the Hum ber bridge Mr Crowther told me that Scunthorpe was formed in 1936 out of five villages. Why did they have to choose the name Scunthorpe, he wondered. Why not Winter ton, or Winteringham or South

Ferriby? more attractive. It has its cine-mas, its leisure centre and After all, it would hardly be quite the same thing establishing an industrial company in

Stewart Dalby



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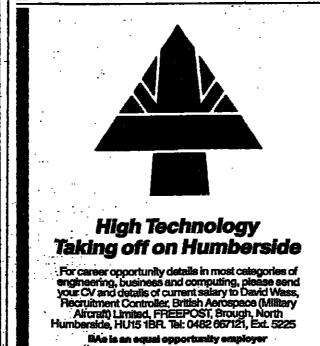
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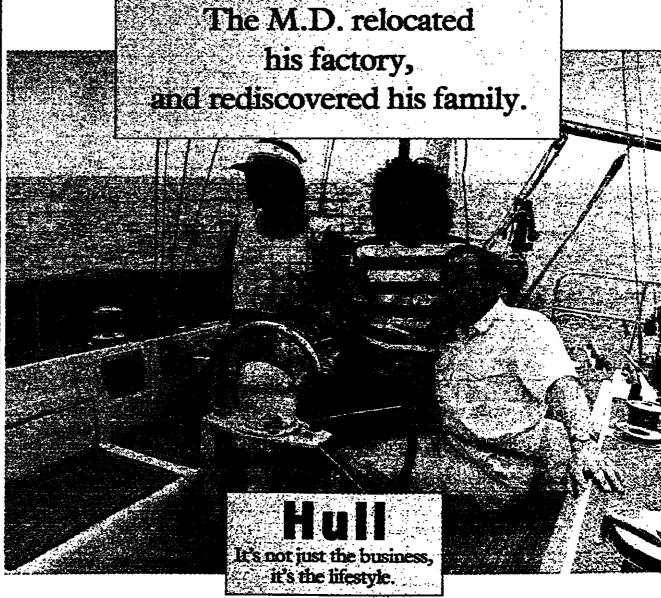
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The Royal Philharmonic Orches

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bi-centenary of the French Revo-

pi-centenary of the French Revo-lution. With soprano Release Delayault with a recital of revo-lutionary songs (Sat) Villa med-ici:(94744776 and 65446010). Midday Chamber Music Concerts (3310288). Teatro Calo Melisso.

Mostly Mozart Festival Orches-tra conducted by Gerard Schwarz with Izhak Perlman (violin). Moz-

with Izhak Periman (Violin) mus-art, Bach. Avery Fisher Halt (Tue) (874 2424). Ethak Periman violin recital with Joseph Kalichstein (plano). Moart programme. Avery Fisher Hail (Thur) (874 2424).

mber Music Concerts

Wiener Trio. Hummel, Paga Pleyel, Britten. Palais Palfy.

Vierna

Rome



July 7-July 13 **EXHIBITIONS**

The Tate Gallery. Cecil Collins and F.E.McWilliam — retrospec-tive shows side by side of two senior British artists: both shows until July 19; McWilliam spon-

sored by Ulster TV. The Royal Academy. The 221st Summer Exhibition of the Royal Academy - the usual gigantic and enjoyable free-for-all of painting, sculpture, print and architecture with nearly 1,200 works on show. Yet, as always, it is different this year for the particular treats it offers for the visitor who has the determination to search them out among the general mass. In defiance of received opinion, the general standard of work is commend ably high and this year better displayed than ever. Daily until

Paris

The Louvre will be closed from Thursday 13th of July till satur-day 15th of July because of the mit meeting but will be open, exceptionally, on Tuesday

11th of July. Fondation Gianadda. A Henry Moare retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicion selection of exhibits, as by the the monumental statues in a park with Alpine peaks as a backdrop. There are family groups, majestically reclining feminine figures, the hieratic couple of the King and Queen. But most of all, the works, be they in bronze, marble or alabas ter, be they of vast proportions or fitting into the palm of a hand, are a hymn to eternal motherhood. (026-223978)

The Louvre. Michelangelo as draughtsman. Some 80 drawings chosen from great international collections come to Paris after being exhibited in the National Callery of Art in Washington. Closed Tue. Ends July 31. Galerie Schmit. French masters of the 19th and 20th century. The traditional yearly exhibition in the three-storey town house shows the richness and diversity of the period covered. An excep-tionally cheerful Courbet - the Sleening Peasant woman with round red cheeks and a red bodice is only a few paces away from a small Corot. Games in Greece. poetical in its Italian light. Nicolas de Stael's flowers ina flat-rendered shiny red flower pot spread their green leavesin generous broad brushstrokes against a black background nextto Sigwhere the mood and the subject are expressed through a multi-tude of carefully applied small

pastel coloured dots, 396, rue Saint-Honoré (42603636), closed

lunchtimes and Sundays, ends July 19.

Palais des Beaux-Arts, The Credit Communal Collection of Belgian Art from 1860 daily ends

d'Art Moderne, Retros tive of the Belgian abstract artist Victor Servranckx (1897-1965). Closed Mon. Ends July 30.
Centre Culturel le Botanique.
A sense of catastrophe – art in
the 1980s shows works of American and European artists. Closed Monday ends August 13.

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the Ameri Express company, will have its second stop here in Frankfurt on the European tour. These fas-cinating sketchbooks, owned by Picasso's family have never been shown in public before. All styles and periods in his working life are represented here. These books cover arou 70 years of his life; his start in Spain of the turn of the century, the cubism period before the First World War, and followed by the period from 1920 to 1965.

Kunsthalle am August-Macke

Platz, Hochstadenring 22.Centres, Residences and Metropolis tres, Residences and Metrin German History. This is ing exhibition, organised by Bodo-Michael Baumunk,has about 1,500 pieces on loan from private collections and museums. t is the governm tion to Bonn's 2,000th anniversary. The ground floor of the Kunsthalle, with all walls painted black for effect, offers a view of important paintings, silver items, signets and perso distinctive belongings of German politicians, from the Middle Ages up to the present. Aachen is repnted as the seat of Charlemagne, Nuremberg as the Emperor's city, Regensburg as the town of the everlasting diet and Frankfurt as the seat of Germany's first national parliament. There are also portraits by Kokoschka of Konrad Aden Theodor Heuss and Ludwig Erhard. A reconstructed model shows the original layout of Berlin's famous Wilhelmstrasse, the location of the Prussiangovernment and empire. A con-structed steel bridge leads the visitor into the postwar period. Here, can be traced the first years of the Federal Republic of Germany and its capital Bonn. Sketches and models for the Bundestag are on display as well as photographs of the fir man Chancellor Konrad Adenauer, who strongly influenced the political postwardevelopment. Ends August 20.

Staatsgalerie, Konrad-Adenauer Str. 30-32. Salvador Dali: (1904-1989). Stuttgart presents the biggest Salvador Dali retrospective since his death earlier this year, to honour him on his 85th birthday. 350 works from all periods of his working life and from several collections, museums, galleries, from all parts of the world, except the atro-Museo in Figueras, his home, are to be seen. The exhibi-

tion organised by Mrs Karin von Maur, who tries to explain how Dali's works can combine with the post-modern period, concentrates on his works from the 1930s (surrestiem). Among them are pictures which have not been shown in public before Ends July 23.

Albertina. The museum has assembled a collection of water colours and paintings by Aus-trian artists. The only thing they all have in common is their age they are all in their sixties. Try and ignore the appalling lighting, the surly staff and the poor labour of the exhibition and

July 16. Konstaforum. Time is running out to see the Leopold collection. It contains, among others, hitherto unseen works by Egon Schiele and Gustav Klimt who revolutionised Viennese art at e turn of the century. Ends

July 23. The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating ion of paintings, books and later, newspaper cuttings, the Abbey boasts the finest baroque architecture in this part of Europe, Until November 15. Albertina. Try not to become annoyed with the depressing layout, the appalling lighting and the uninterested staff when seeing a wonderful collection of watercolours and drawings by Austrian artists. Included are works by George Eisler and Alfred Hrdlicka. Ends July 16.

Villa la Farnesina, Via Della Lungara 230. Drawings from the Venetian and Lombard schools: 16th to 18th centuries. About 100 works from the National Graphics Institute's collection Particularly interesting is the ction, with nude studies by Tintoretto, works by Domenico Campagnola, a large group of sketches by Palma di Giovane, and two views of Rome by Canaletto. Make a point of seeing Rapahel's frescoeson the ground floor of the villa on the way out. Ends July 16.

Russian and Soviet Art: 1870

Turin

- 1930. Renzo piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Caran-dente and immensely effective dente and immensely effective setting, turning the ground-floor workshops of the dis-used Fiat factory into the equivalent of an arab tent. The works are hung on suspended panels of white gauze, divided into 22 more or less chronological sections, complemented by the immense Bol-shevik-red banners which flutter in the breeze in the square outside. Much of the early figurative paintings on show give evocative glimpses of life in the Russlan villages and the particular qua ity of light and landscape., Nota-bly Vasiliev's "autumn woods", terov's pensive girls in traditional dress at the lakeside, and Vinogradov's inviting summere on the slones of the Crinonses on the stopes of the Cri-mean hills, with their unexpect-edly luxuriant gardens. Cosmo-politan and sophisticated, Russian artists could hardly have been in closer contact with contemporaries in France and Ger-

many. Matisse was in Moscow to install his two paintings, "music" and "dance" in the house of the collector, Serge Sukin, and two symbolist works on show by Petrov-Vodkin, "youngsters" and "the thirsty fighter" contain clear echoes of these. The giant figure of the prototype of impresarios, Diaghilev, looms over the exhibition. There are two portraits, one by Serov, elegant and devil-ish, dated 1904, and another, with his old nurse, painted by Bakst in 1906. There are numerous orig-inal designs for the sets of the Ballets Russes: "petrushka" (1911) and "pavillond'armide", by Benois (1907), the ballet which marked the beginning of Fokine's career as a choreographer and that of Nijinsky and Pavlova as dancers, at the Marinsky thea-tre. A number or remarkable portraits stand out, from Vladi-mir Tattin's empty-faced "sailor" to Altman's faintly expressionist

scenes, such as "the datcha window", as does Kandinsky, with three fine works, including the large "compositionvi" from the rmitage. Ends october 20th.

"redjew". Chagall has a section to himself, which includes a number of charmingly domestic

portrait of the poetess Anna Ach-matova (1914), with its intense blues and yellows. Serov's mournful "grand duke pavel alexandrovich" and Chagall's

Venice Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Pal-azzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from

New York

Whitney Museum. The 65th in the long series of Annuals and Bienniales features a large group of lesser-known artists amo the 80 represented on three floors of galleries. Ends July 9. Guggenheim Museum. More than 100 paintings and drawings by contemporary Austrian artist Arnulf Rainer reveal the unique imagery of a mystic vision trans-lated into an abstract idiom.

National Gallery. More than 400 images are part of a massive ret-rospective of the 150 years of photography, here represented by Alfred Stieglitz, Walker Evans, Lazzlo Moholy-Nagy among dozens of others. Ends Aug 13.

Chicago

Art Institute. Master drawings art insurine. Master drawings from the Teyler Museum, the oldest in Holland, include nearly 100 works of two centuries by Michelangelo, Raphael and Rembered?

Tokyo

Suntory Museum. Edo Glass-ware. Over 130 glass objects from the Edo period (mid 17th – mid 19th century), including glass-ware imported from Europe as well as examples by Japanese craftsmen. Closed Mondays.

July 7-July 13 MUSIC

London

Royal Philharmonic Orchestra. goyal Philiam Bones Judd, with John O'Connor (piano). Bee-thoven, Tchafkovsky. Barbican Hall (638 8891) (Sun). Moscow Soloisis, City of London Festival. Yuri Bashmet, director. Schoenberg, Britten, Tchafkov-sky. Barbican Hall (639 ecgs). sky. Barbican Hall (638 8891)

Halles. (Paris Festival (48049801, info. in English 4720898) National Choir, University Paris-Sorbonne Choir and Orc conducted by Jacques Grimbert (Wed) Saint-Severin Church.

Saint-Jean-de-Luz, Aug 30 - Sept 16 (59260316). Guethary Piano Festival, July 2 - July 12 (59265 Provence, Cote d'Azur. July 7 - Aug 8 (90342424). Avignon, July 12 - Aug 8 (90862443).

Menton, Aug 5 - 31 (98575700).

The Merchant of Venice (Phoenix). Dustin Hoffman's Shylock a sympathetic, semaphoregesturing alien in Peter Hall's fine Venetian Renaissance pro-duction, Geraldine James a superb Portiz (836 2294). Much Ado About Nothing (Strand). Alan Bates and Felicity Kendal lead strong ad hoc company in turnabout fortnightly rep with Chekhov's early, astrin-gent Ivanov. Not to be despised (836 2660).

As You Like It (Old Vic). Yet As you Like it (Old Vic). Yet more non-RSC Shakespeare, with an outstanding Rosalind from Fiona Shaw in eclectic, enjoyable Tim Albery revival. Ambitious designs (928 7616, cc 261 1821). The Black Prince (Aldwych). Ian McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (636

6404). Ghetto (Olivier). Brilliant National Theatre version of Joshua Sobol's Israeli play about the last days of the Vilna ghetto and its resident theatre company. Moving and shocking. Nicholas Hytner directs, Bob Crowley designs, good music arranged by Jeremy Sams. July 7-10 (928

between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the

Carl Maria von Weber's chamber music, concert and discussion. (Mon 7pm) Auditorium des

Summer festivals

in France.

Aix-en-Provence, 10 - 30 July (42233781). La Roque-d'Antheron, Aug 1 -23rd (42505115).

BRT Philharmonic Orchestra conducted by Fernand Terby

July 7-July 13 THEATRE

2252). Single Snies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation

with Geert de Bivre (cello) and louisa Van Dessel (horn) playing works of Beethoven, Schumann and Richard Strauss. (Mon) Mai-

son de la Radio. Quatuor de Contrebasses de Bruxelles performing works of Bottesini, Cappelleti, Gounod, Handel. (Wed) Hotel de Ville. Huy Chamber Orchestra conducted by Jean-Claude Kro acker with Andre Isselee (flui and Meiko Migazawa (piano)

086 - 40 01 11. Bad Kissingen Summer Festival A local politician proposed an

works of Mozart Barvaux (sat)

"East meets West" festival because of Bed Kissingen's closeness to the East German border.
The fourth festival concentrates on Russia. Amon those appearing on Russia. Amon those appearing are the Dresden Philharmonic Orchestra, Dresden Baroque Soloists, Georgian Chamber Orchestra, Moscow Radio Orchestra and the Rascher Saxophone Quartett. Soloists include Heinrich Schiff, Juri Bashmet. Dmitri rich Schiff, Juri Bashmet, Dmitri Sitkovetsky, Siegfried Jerusalem and Waitraud Meier. There are two operas, Mozart's Die Entführ s dem Serail and Handel's Rinaldo; also workshops and matinees with young Russian

musicians and contemporary

York Shakespeare Festival's

nearly 30th year of culture by

in designer John Lee Beatty's version of turn-of-the-century Monaco. 81st Street entrance

on the west side. Ends July 23.

(Imperial), Anyone attracted by

the notion of a three hours of film trailer previews will adore

plays of the past 40 years, includ-ing On the Town, West Side Story and Gypsy. The lustre of

aspirants who lack the multi-tal-

this compendium of Robbins

directed and choreographed

the credits is dimmed by the

temporary crew of Broadway

of the musical.

pointing hit.

bit (947 0033).

ents that inspired the beyday

Rumours (Broadhurst). Neil Simon's latest comedy is a self-

conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that

misses as often as it hits. Chris-tine Baranski leads an ebullient

cast in the inevitable but disap-

A Chorus Line (Shuhert). The

A chords Line (Snucert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also undated the musical genre with its backstage story in which the songs are used as auditions rather than

are used as auditions rather than

Me and My Girl (Marquis). Even

if the plot turns on ironic mim-icry of Pygmalion, this is no clas-

sic, with forgettable songs and dated leadenness in a stage-full of characters. It has nevertheless

ved to be a durable Broadway

stom of the Opera(Majestic).

Jerome Robbins' Broa

moonlight. Director Harold Gus-

kin has elegantly set the comedy

Schleswig Holstein Music Festival

June 25-August 20 Following previous successful festivals, initiated and directed by Justus Frantz, this summer's programme has been extended to 163 concerts in 34 different venues. Musicians will be performing in towns and villages from Flensburg in the north to Lineburg in the south, in manor houses, barns, churches, concert halls and riding trables.

stables.

Among the orchestras appearing are the Vienna Chamber Orchestra (Entremont), Czech Philharmonic (Neumann), Philharmonia Orchestra (Sinopoli), Hallé Orchestra (Menuhin), and the Bavarian Radio Orchestra (Masur). Soloists include Natalia Gutman, Borls Pergamenschikov, Heinrich Schiff, Anne-Sophie Mutter, Claudio Arrau, Jorge Bolet, Barry Douglas, Christa Ludwig, Lucia Popp. Dietrich Fischer-Dieskau, Jean Pierre Rampal and the Tokyo String Organization.

One of the festival's aims is to attract and support young talent and there will be classes with Boris Pergamenschikov, Karl-Reinz Kaemmerling, Tatjana Nikolajewa, Brigitte Fassbaeuder/Helmut Deutsch, Burkbard Glacimer, Lev Naumov and others at the music Deutsch, Burkhard Glaetzner, Lev Naumov and others at the music university in Lübeck. The festival's own orchestra, with 120 mem bers from 21 nations, will train throughout the sammer with Claus Peter Flor, Valerie Gerjev from Leningrad, Christoph Eschenbach and Leonard Bernstein, while Bernstein accompanies the orchestra on a two-week concert tour through Europe. Sponsored by Bertelsmann, Zentis, Andi and Windsor. Details and tickets from Schleswig

Holstein Festival. Postfach 3840, 2300 Klel (0431 567080).

royal picture gallery. Clive Fran-

cis plays Guy Burgess in a rehash of Bennett's fine TV film

M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-

superb production as a metaphor of homosexual life. The transves-

tite tragedy proves less electrify-ing than in New York; the play

Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-

scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected

The Vortex (Garrick), Maria Ait-

ken and Rupert Everett in bril-

excessive, beautifully costumed. A must for yuppies (379 6107,

Heidi Chronicles (Plymouth).

Wendy Wasserstein's award-win-ning drama covering 20 years in the life of a successful Ameri-

can baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompa-

nied by the musical and emo

tional flavour of the period (239

Twelfth Night (Delacorte). Jeff Goldblum heads the cast in this

free outdoor performance in Cen-tral Park that begins the New

liant reappraisal by Philip

study of drug addiction and

mother fixation. Mannered.

is not very good but still worth

seeing (379 5399).

(834 1317, cc 836 2428).

Prowse of Noel Cow

cc 741 9999).

An Englishman Abroad (734

fer-style "spectacle of ideas" dressed up in John Dexter's

New York

Shinsei Nihon Symphony Orchestra, conducted by Ondrei Lenard. Mahler. Suntory Hall

Stuffed with Maria Bjornson's

silded sets, Phantom rocks with

Andrew Lloyd Webber's haunt-ing melodies in this mega-trans

ing melodies in this mega-trans-fer from London (239 6200).

A Funny Thing Happened on the Way to the Forum (Good-man). Stephen Sondheim's mo popular musical, for which he stars Louis DiCrescennzo as Pseudolus in Burt Shevelove and Larry Gelbart's adaptation of Plautus. Ends Aug 6. Les Miserables (Auditorium). The international spectacle has settled in for a long stay by the Great Lakes (922 2110).

Tokyo

Les Miserables. (Imperial Thea tre) Strongly-cast revival (in Jap-anese) of the stirring musical of the storming of the Paris barricades (201 7777). The Phantom of the Opera. Nissei Theatre (045 903 5701). This excellent production (in Japa nese) is a carbon copy of the Lon-

don original. Kabuki, Both the matinee and evening performances at Kabu-kl-za (541 3131) feature the prodigious Ishikawa Enposuke, whose gous ising acting acting style, spec-barn storming acting style, spec-tacular aerial stunts and costume quick-changes have attracted a younger audience to Kabuki, but elso reflect its roots as a truly popular theatre. At 11am: a mixed programme of four short plays. At 4.30pm: Hitori Tabi 53 Tsuki, a colourful tale of inheritance and vendetta which includes a fight beneath a 'real'

1988 in Review **Most Successful Business Year** In VIAG's History

In 1988, the VIAG divisions increased consolidated net income by 15% to DM 219 million. According to the formula of the Association of German Financial Analysts, earnings surged 20% to DM 30 per share. Substantial growth in the industrial divisions pushed sales up by 12% to DM 9.5 billion. Total investments were more than DM 1.1 billion. The structure of the VIAG Group was further strengthened by acquisitions.

Higher Dividend

The successful income result in the 1988 business year enables a proposal for increasing the dividend from DM 6.50 to DM 7.50 per share to be put to the shareholders' annual meeting.

Prospects for 1989 **Continued Upward Trends**

dend payment of DM 11.72 per share.

Including the tax credit, this results in a divi-

The positive trend is being sustained as regards both sales and income. With external sales of

DM 2.7 billion in the first quarter of 1989, the VIAG Group recorded an 18% increase over the first three months of 1988. Consolidated net income rose by 16% to DM 65 million.

Growth through Acquisitions

With the objective of strengthening the Group's structure, VIAG will increase its interest in Didier-Werke AG, a leading company in the refractory materials industry, from 27% to 49% in the second half of the year. At the end of 1989, we intend to acquire Klöckner & Co. AG, a German trading company.

Developments in VIAG Divisions

In the energy division, including participations in BAYERNWERK AG and INNWERK AG, 3.8% less electricity was generated in the first quarter of 1989. With its stake in THYSSENGAS GMBH,

the company's sales in the natural gas sector declined slightly, by 1%, due to the mild weather.

The aluminium division, with the parent company VEREINIGTE ALUMINIUM-WERKE AG, continued to profit from the favourable situation on the international aluminium markets. Compared with the previous year, sales and earnings were up.

The chemicals division, organised under SKW TROSTBERG AG, recorded increased demand for both chemical and metallurgical products in the first three months of 1989. Sales volume, turnover and earnings were all well above the comparable figures for 1988.

VIAG Group Highlights

1	lst quarter 1989 DM million	lst quarter 1988 DM million	Change
SALES	2,673	2,269	+18%
NET INCOME	65	56	+16%
TOTAL INVESTMENTS	319	214	+49%
EMPLOYEES	34,379	32,800	+ 5%

Outlook

Based on the good start in the first quarter and assuming stable basic conditions, we anticipate a continuation of the positive development for the Group in 1989, with earnings at least as high as those of the previous year.

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SWAN THEATRE, STRATFORD-UPON-AYON

ot before time, the Royal Shakespeare Company has Shakespeare Company has got round to one of Ben Jonson's greatest plays, the exquisitely sadistic prose comedy Epicoene, written between Volpone and The Aichemist but performed so rarely that the company feels confident in asking critics not to reveal "the fundamental secret," as though this imperishable classic were The Mouse-tran.

Danny Boyle's production renders this impertment request superfluous by casting as the dumb dame an actor, John Hannah, into whom you would not care to bump on a dark night: the white bridal gown is no disguiser of a two-day stubble, a deep Glaswegian voice, hands like hams and docker's shoulders.

and docker's shoulders.

Epicone is being manipulated by the disinherited nephew, Dauphine, of the curmndgeonly old Morose who cannot abide noise but wants a wife. The cataclysmic discovery that she does raise her voice — "You can speak, then!" — precipitates a public confession of impotence and the signing of his estates back to Dauphine in order obtain an instant divorce.

order obtain an instant divorce.

Parallel to this action, the inventive and garrilous Truewit, one of three pre-Restoration dissipated rakes, organises a series of noisy eruptions designed to discomfort Morose still further. These involve a rancid collegiate of disaffected wives; an attenuated of disaffected wives; an attenuated of disaffected wives; ated fop, Sir Amorous La Foole; a fraudulent knightly poetaster, Sir John Daw, and a sporting fanatic, Tom Otter, whose dedication to his

cups (he carries at all times his pew-ter mugs decorated with a bull, a bear and a horse) excites violent matrimonial suppressions.

This lot all turn up for the wedding east, a tumultuous third act climax from which the play surprisingly recovers with a wonderful Jonsonian improvement on Shakespeare's duel scene in Tweifth Night and a gleeful mock Latin court ceremony to estab-iish Morose's disabilities ("manifestaish Morose's disabilities ("manifestatem frigidititatum). This is also a comedy of false beards, hair-pieces, and
wigs: the rakes wear long, lank curls,
the collegiate an array of stiff pastel
perruques, La Foole his flaxen hair on
a distaff like Sir Andrew Aguecheek's.
"I live in a windmill" declares the
despatring groom, as the combatants
are shoved into cupboards, booted in
the bum (but what's six kicks to a
man that reads Seneca, Truewit
wisely remarks?), and tweaked
viciously by the nose. Beset by vigour
and celebration, Morose realises too
late he has married a Penthesilea.

For as Anne Barton noted in her

For as Anne Barton noted in her majestic study of Jonson, Dryden's favourite play bar none not only anticipates the experimental Restoration wits like Etherege's Dorimant and Congreve's Valentine, it is also a dramatised dissertation on sexual decorum. Richard McCabe's Truewit unfortunately blew the great manifesto against marriage on Wednesday night, but the production still bites as a sexist hold-all of attitudes, prejudices and observation. The collegiate all know about contraception. And

make-up covers a multitude of sins: old Otter's wife goes to bed each night in 20 boxes and is reconstituted in the morning like a great German clock.

McCabe is scurrious and rat-like but he misses the air of spirit and ingenuity that Douglas Hodge evinced in a York Festival revival five years ago (that was the first recorded pro-fessional version since the Phoenix Society's 1924 production in which Godfrey Winn was a well-noted Epi-coene). Overall, the playing and cast ing are undernourished, not really good enough to set beside John Caird's Jonson revivals in this address. But at least the theatre is properly used as Morose's windmill, once Kandis Cook's cloth reproduction of Jacobean London is swept

As Morose, David Bradley gives another delightful slow-burning performance, appearing among the campanologists' ropes in a padded helmet later exchanged for a huge cushion strapped on with a leather belt. He has doubled his walls and trebled his conflict account redes and his comment. eilings against noise, and his servant is allowed to respond only by jerking up his knee. Morose's temperamental migraine has grown into one of the stage's great comic obsessions, and while you might imagine a larger scale reading of the role, Bradley's pained muttering and frozen, finical gestures are the tragic evidence of a deeply hilarious stand against the modern barbarities of the world out-

Michael Coveney

The Silent Woman or Epicoene Pretty Polly

Under the auspices of LIFT, Roadside Theater has brought three plays comprising their Pine Mountain Trilogy to depressed and ravaged South London – about as far, cultur-ally speaking, as it is possible to get from the Kentucky/Vir-ginia borders — the Appala-chia of Copland and Delius.

chia of Copland and Delius.
Or perhaps not. Posters in Deptford High Street warn of encroaching developers and lament the profiteering in council house sales. While Pretty Polly, the first of the trilogy, deals with the homely yarn-spinning of one Polly Branham Johnson in the field of family history, tall stories and plain myth, I suspect subsequent chapters will underline similarities between rural hard times and urban deprivation. In both cases "they" out tion. In both cases "they" out there, the vested interests, the guys with the chequebooks, the corporations, are moving in, and the little people have no say in the matter. The Grapes of Wrath at the National Theatre recently told the same story of disinheri-

At any rate, Pretty Polly is a At any rate, Pretty Polty is a scene setter to get us into the mood. A rocking chair, an upright seat, a bench and a rough slatted table make up the set. Banjo, fiddle and guitar are brought into play in the first of the "three moonshine musicals." The three perform-ers stroll on: the check-shirted men are bearded, Tommy Bledsoe profusely so, the woman in a flower-print dress and lace-up boots has her hair in a bun. Some people call us hillbillies," says Ron Short ominously, adding, "some people do it only once."

The form is that of an informal session of gossip, reminis-cence and story-telling. The three interrupt one another, prompt, take over, digress, spark off arguments. The feeling is certainly one of commu-nity, even kinship. There are

songs, in some of which the audience (responding a little timidly) are asked to join. To English spectators the impression is less Anglo-Saxon than Celtic; easy to imagine this bout of shared anecdote, history and legend with Irish or

The stories range from direct accounts of family affairs to sheer fairy-story - fascinating to hear the primal elements of European folk-tales in the adventure of the girl who found herself eating a human finger in the cabin of her mys-terious admirer (called "Mr Fox" as in all the best admonitory fables rooted in our unconscious fears). There is even a warning bird (here a parrot) who addresses her by name and a locked room as in Bluebeard. There are tales of witchcraft and tall stories that shade into fantasy.

On Tuesday's first night some of it was heavy going for players and audience, with the cast unsure of how much to explain (I'm still uncertain of how real or mythical the self-destructive and reconstitutable joint-snake is) and some of the words swallowed by the accent. The set pieces kept the house's attention, however: the story of sister Ethel who pined away after outliving three young hus-bands and who claimed to see them in her room shortly before her death (a nice pay-off line here); and Angelyn Debord with a woman's account of the hanging of her brother. Roadside Theater was

founded on such true stories and an awareness of what constitutes cultural roots, background, a whole heritage. The remaining plays chart Appala-chian life and people up to post-Vietnam disorientation; after Deptford the trilogy moves on to the Watermans,

Martin Hoyle

Cavalleria rusticana/I pagliacci

COVENT GARDEN

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It is a settled matter, these many years, that Can and Pag go together like a horse and carriage. The unsettled question is, which is which? Which supplies the horsepower? We all have our prejudices: mine says that it's Pag that pulls, because Leoncavallo's artful pointing and pacing of his little music-drama (or musical grand-guignol can still make it work, whereas Mascagni's Cav - which sets a precise, astringent village story in a generalised lyrical style — is irredeemably a period-piece now. But they both sing gratefully, and the juxtaposition of Sicilian and Calabrian scenes is piquant; and at the Royal Opera on Tuesday Richard Gregson revived the old Zeffirelli productions

David Bradley and Richard McCabe

to well-deserved ovations.

They were last seen in 1982, so Gregson's vivid stagings must involve far more than simple reproduction.

Zeffirelli's evocative sets remain great assets, especially the Sicilian high-street of Cov with its grand, receding stony bridge (impeccably lit by some-body uncredited in the programme-book). We have also two visiting Russians, one for each opera, who establish full-blooded characters with their histy tenors, and excellent supporting casts – and Piero Cappuccilli in both. His betrayed husband Alifo in Cao is abrasively dapper, his twisted clown Tonio in Pag is strong but uninflated. and his ripe Prologue there demon-strates all the art of a past master.

In Cao the new Russian is Paolo Kudriavchenko, whose hulky Turiddu evinces raw feeling as if by inadver-tence, with the bluntness of a Janácek anti-hero. His Santuzza, the Yugoslav Ghena Dimitrova, is devotedly touch-ing and plain; she owes herself some closer attention to the words, and a hit more creative freedom with the wocal line. More of that would enhance Robin Stapleton's treatment of the score, too, which was decently fervent on this first night without quite recapturing Mascagni's faded perfume. (The unfocussed, patently English chorus were no help.) Elizabeth Bainbridge again made a concarned, genteel Mamma Lucia; Jean Rigby's Lola was less naughtily

appealing than expected. Amongst a minority, I thought the agonised posturings at the end faithful but hudicrous. Had the melodic line up till then been more freshly effusive, I might have come round -Mascagni needs his parlour-sweetness, since his marking of the drama is so tame. Leoncavallo's *Pagliacci* score is sharper, more knowing stuff, fully equal to his flashy libretto. Viadimir Atlantov made a properly tor-mented Canio (shades of Anthony Quinn in Fellini's La strada!), with ringing outbursts powerful enough to conceal some imprecision about the actual notes, and the American soprano Diana Soviero was a clever, nervy Nedda.

One believed Anthony Michaels Moore's anxious swain Silvio, warmly sung though invincibly English, and Barry Banks sketched a neat, fey Beppe plus "Harlequin" (in the playwithin-the-play). All of these — and the non-singing characters stirred into the brew by Zeffirelli — co-operated in a piece of cripping musical ated in a piece of gripping musical theatre. Severe connoisseurs may dismiss the whole double-bill; but it would be more rewarding to consider why the tricksy melodrama of I pagbiocci still accumulates such dramatic momentum, while Cavalleria rusti-cana sounds just a level narrative of

David Murray

The Knife

Of Finland's principal exports, as being of particular note. One is the sumply of paper for the London edition of the Financial Times, a contract held for many years by a Finnish company, and the other is the successful export of homegrown Finnish operas.
The production centre, as it

were, of this unusual musical commodity has been the annual festival at Savonlinna, a small town on the eastern side of Finland. Since 1975 it has introduced a succession of major works by Finnish composers, the most recent being Sallinen's The King Goes Forth to France in 1984 and the festival's reputation has grown with each new undertaking. As this year marks the 350th anniversary of the town of Savonlinna, it was inevitable that the administration would wish to mark the occasion by commissioning a new opera.
With civic pride at stake, there was to be no stinting of the budget, either on the produc-tion side or for the long hours of rehearsal, and the result of the festival's labours was unveiled on Monday night: Veitsi (The Knife) by Paavo sinki) has been regarded as something of an enfaut terrible in Finnish musical circles. His early works met with a gen lack of comprehension and the première of his First Sym-phony turned into a scandal-when the orchestra abandoned the performance before the end. (Shades of Tippett and his Second Symphony.) I notice that the inflight magazine of Finnair goes so far as to dub the composer "Psavo, the

Quite a reputation to live up to. But, in fact, visitors to the first night of The Knife will have been relieved or disappointed, depending on their outlook, to find that the score for Heininen's new opera is by no means unapproachable, at least considered in the context of those contemporary operatic styles that are to be taken seri-ously. Its flavour is vaguely post-Berg (especially post-Lulu), without being flagrantly

What gives it real individuality is the text by Veijo Meri. This is the story of a young poet cangint between low life drug dealers and the sham, glamorous world of capitalist

It was a controversial choice. power play - a scenario defiantly of a here and how immediately recognisable to British readers, even if it ironi-cally seems a world away up here in the picturesque lakes of Finland. Still, this is a strong basis

for a stage work, perhaps too full of words to make a genuine music drama where the constituent parts are in equilibrium, certainly too elusive and richly imagined in its style (rewarding though that makes it to read as a work of literary merit on its own). But the opera does have something to say and says it with character-istic Finnish relish: realism, spiced with humour, laced with absurdities, topped with

symbolism.

Helminen responds by giving a few lyrical episodes to his leading pair — the poet, cleanly sung by the tenor, Jorma Silvasti, and Hildur, his ideal woman, Eeva-Lilsa Saarinen - but long conversational themes to other major charac-ters, such as the Publisher (Jorna Falch) and the charac-terful Pamppu (Jyrki Niska-nen). The two sopranoss, Riikka Hakola and Kaisa Hannula, made a positive contribu-



Sami Saikkonen and Jorma Silvasti

Tapola, had little opportunity to make use of the vast castle

stage.
The musical performance, seemingly well prepared, was in the safe hands of Ulf Soderblom. What I missed from the score was a chance for the music to break from its restricting demarcation lines as a conveyor of character, atmosphere and descriptive

most deftly, and to give us a wider interpretation of the drama. The music is never in the ascendant, as it is in the recent operas of Stockhausen and Henze, Messiaen and

Berio. Ultimately, the question on everybody's lips is, "Will it travel?" To which one might guardedly reply, "Perhaps." The Savonlinna Festival, exhaustive as ever in its preparations, had made available the full libretto in three languages for this production, but the opera would have to be trans-lated for foreign consumption. That way The Knife should retains its highly personal cui-ting edge. Then again, poten-tial importers will note the price tag for a difficult contemporary opera, and that is likely to be high.

Richard Fairman

On the Town

QUILDHALL SCHOOL OF MUSIC AND DRAMA

Leonard Bernstein's wartime Broadway hit, about three sail-ors in New York on a 24-hour leave, demands maximum energy from every performer. Youth is not only something prescribed by the story, but a great practical advantage. Kevin Robinson's Guildhall that, and it more than balances passing frailties. Besides, On the Town is in the first place a show, not an anthropological document: some dicey American accents here (even the most plausible ones fix no specific geography) and some weak playing in smaller roles hardly matter. The show goes on with plenty of committed verve and clean, enthusiastic support from the Guildhall orchestra under Chris Walker.

There is no sharp line, historical or otherwise, to be drawn between ordinary musi-cals and the "all-singing, alldancing" kind, but On the Town certainly marked an ambitious step toward the latter ideal. Young Bernstein and Jerome Robbins had had a success with their ballet Fancy Free, and decided to develop the gist of the stage-idea in a more marketably appealing form (with Comden & Green brought in to do the lyrics, and George Abbott as director and collaborator). The dance emphasis remained; the sung numbers allowed for various degrees of vocal prowess. Bernstein's extrovert score remem-bers a lot of Copland, but oth-

SALEROOM

art (a Benin bronze head) and

£880,000 for a clock (by Thomas

Tompion), it sold an item of

English furniture for £1.1m, far

outstripping the previous best of £407,000 paid for a George II

commode at Christie's a year

mahogany dressing and writing commode, attributed to

John Channon and made

around 1760, would do well and it carried a top estimate of \$200,000. But in the event the

euphoria which has gripped

the salerooms in recent

months pushed the bidding up

The provenance accounts for

the price. This bureau was

almost certainly bought by

William Beckford, the fabulously rich City merchant, to furnish his country residence

Fonthill Splendens in Wil-

tshire. Its companion piece is now in the V & A. In 1965 the

same bureau sold at Sotheby's

to a record.

It was widely expected that the George III ormolu mounted erwise introduces nothing radical into the Broadway idiom beyond the odd trace of

"classical" training.

At the Guildhall the cast
must have been chosen with a sensible ear to how much singing each could manage, for they all deliver faithfully what's needed of them. Only the baritone Simon Chester field, who opens the show with a disarming "I Feel I'm Not Out of Bed Yet," comes from the Guildhall's music wing, but the singing actors are more than creditable. The dance requirements are tougher: though Ken Walsh's choreography is lustily idiomatic (bar the odd end-of-British-pler touch) and actor-friendly too, solo dancing doesn't put this cast's best feet forward. Among particularly watcha-

ble performers - invidious to say this, but inevitable - are Andrew Williamson's tenderly sung, Matt Dillonesque hero and Jennifer Wiltsie's cool seductress in the Celeste Holm mould, Peter Tembe's perky Chip is excellent; and if Kate Rhodes James is a whole Atlantic away from the streetwise New Yorker her woman taxi-driver should be, she contrives a character just as engagingly wry. It all goes with a swing, as well as some careful period accourrements (designer, Claire Lyth), and ntinues until next Thursday.

David Murray

cricketcall? Live International England 🥒 v. Australia 0898 121 134 N Live ball-by-ball commentary. Explaisive LIVE coverage of =)0898]· [PETA] 66 Derby 30 Glamorgan 68 Derby 30 Glamorgan 16 Essex 14 Middlesex 34 Gleucs. 50 Northans. 22 Hants. 24 Somerset 21 Kent 56 Warwicks. 33 Surrey 42 Leich. 55 Worcs. 12 Sussex 44 Yorks. XXXX sie Cricketcali 0698 12 14 40 County Scoreboar 0898 121 154 Minor Counties 0898 12 14 18

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FINANCIAL TIMES

ARTS GUIDE

tion. The producer, Justi

OPERA AND BALLET

Bornicon, Opera Cala Night,
London Concert Orchestra, conducted by Nicholas Cleobury,
with Anne Williams King,
(soprano), Bonaventura Bottone
(banor), Jason Howard (baritone),
English Concert Singues Chorus,
and Fanfare Trampeters from
the Band of the Weigh Guards.
Rossini, Bisst, Puccini. (Sat) (638
8891).

Paris Opera. Spectacle Balan-chine alternates with Don Quiz-ote in Budolf Nureyev's choreog-raphy after Petipa and with Turare, Antonio Salieri's opera after Beaumarchais. Acco ied by La. Grunde Ecurie Et La Chambre Du Roy with Jean-Claude Malgrare as conductor (1985)

Opera. Theater des Westens. Concert version of *Maria* Staarda with a star cast led by Afficia Nafe, Sharon Sweet, Pletro Ballo, Lenns Gerlson, Frischich Moisberge, IrisVermillion, con-ducted by Jesus Lopez Cohos. Rigoletto in Hans Neuenfels' production has fine interpretations by Gwendelyn Bradley, Barbara Vogel, John Sandor, George For-tune and William Murray. A bel-let evening with divertime-ments closes the season.

Frankfurt

Opera. The successful opera debut of Thomas Langhoff's Ein Sommer nucleistrain production, supported the wonderful singing of counter tenor Jochen Kowalski, Andray Michael, David Bennet, Mira Zakai, Rodney Giliry and Kimberly Barber. Gheck's ravely played Intendedition, and Jurij Zincvenko together. Further offered Rusalka.

detail, all of which it folfils

Stantsoper. Musikhalle, Concert

Stanisoper. Minsikhalle. Concert version of Blenzi, conductedby Gerd Albrecht with a first rate cast led by Klaus Koenig Luana Devol (Irene), Haraid Stamm (Staffano Colonna), Dunia Vejzovic (Adriano), Franz-Ferdinand Netwig (Paolo Orsini), Kurt Moli (Raimondo). Berlin's Theater des Westens appears with the successful Ein Sommernachtstrum production and has straum production and has ingrid Caven.

Stuttgart

Opera, Der Fliegende Hollaender festures Wolfgang Probst, Nancy Johnson, Matthias Hoelle and Toni Kraemer, Kathleen Kuhl-mann repeats her much praised performance in the title role in

Opera. Munich's Opera Festival. The second week starts with Adrana Lecouvreur in John Copleys production with star singers Mirella Frent, Hamma Schwarz, Placido Domingo, Jan-Hendrik Rootering and Rolando Paneral. Il Borbiere di Siviglia, has David Hampson, Robert Gambill, Julie Kautmann, Jan-Hendrik Rootering excellent in the leading roles. A *Herman* Praylieder recital, accompanie by Leonhard Hokanson with

Schuhert's diewinterreise. The festivals new Mathis der Mahles resuvals new mount der seduct production, by Kurt Hornes with Sahine Hass, Angela Maria Blasi John Broechler, Class H. Ahna-joe and Alam Titta. Ariadha auf naros with Christian Boesch, Theo Adam, Ann Murray, Rollia Crabason and Elizabeth Cannal Gruberova and Elizabeth Connell rounds off the programme.

Teatro alla Scala. Roberto de Simone's production of Gluck's Orien ed Euridice, conducted by Riccardo Muti, with Bernsdette Manca di Nissa, LuciaMazzaria and Elisabeth Norberg-Schulz (Fri). Gizzmov's "Raymonda" with choreography by Juri Grigo-rovich, damond by IsabelSeabra, Biaglo Tambone and Francisco Sedeno and conducted by Michel Sasson. Also Francesco Cilea's Adriana le Couvreur conducted by Gianandres Gavazzeni, with Natalia Troitskaya taking over from Mirella Freni in the tragic title role. (80.91.26).

Terme di Caracella, Rome's strike-torn open-air season continues with Romeo and Juliet, with choreography by Mario Pistoni, danced by Margherita Parrilla and Mario Marozzi, continued ha Alberta Martina Alexandria. ducted by Alberto Ventura. Also Mann Bolognini's production of "Tosca" conducted by Jan Latham Koenig, with Giovanna Casolla, Nicola Martinucci and Casolia, Nicola Martinucci and Ingvar Wixell. (46.17.55). Villa Madici. (Roma Europa Fea-tival) The Paris Opera Balist-company dancing Balanchine's "Agon" to Stravinsky's music, Twyla Tharp's "As Time Goss

By " and "Rules of the Game" and William Forsythe's "In The Middle Somewhat Elevated" to music by Tom Willems. (Mon Tues and Wed) (4744776 and 6544601).

New York

New York City Opera. The first full week of the season sees the first performances of II Barbiere di Sivigifa with Thomas Wood-man as Figuro and Jane Bunnell as Rosina in Lofti Mansouri's production conducted by Sergin Comissions; Rigoletto with Pablo Bivira in the title role conducted by Scott Bergeson; The Merry Widow conducted by Imre Pallo with Michele McBride as Sonia; and Catherine Lamy as the Madama Butterfly conducted by Imre Pallo. Harold Prince's new production of *Don Glocumi* continues with John Cheek in the title role and Elizabeth Holls que as Donna Anna, Frances Ginsberg as Donna Elvira and Dean Peterson as Masetio. Lin-coln Center New York State Theatre (877 4700).

Tokyo

7483)

Aida. A cast of thousands Aids. A cast of thousands, including elephants, in the elephantine production first seen in front of the Pyramids. Katia Ricciarelli tales the title role, with Plero Capuccelli as Radamea. Tokyo Dome (Tues, Thurs) (407 8245)

July 7-July 13

Gusung Jul. Traditional dance and music from Ball. Shinjuku Bunka Centre (Wed, Thurs) (358

shot Opera. The Golden Cock ere! (Rimsky-Korsakov). Tokyo Bunka Kaikan (Wed, Thurs) (235

for £3,700, but that was before the great antiques boom. The auction set a record for English furniture of almost E3.9m, with 7 per cent unsold.
A George II commode attri-buted to John Mayhew and bought by the 9th Earl of Sand-

Furniture hits new highs Christie's yesterday wich to furnish Burley in the mid 1770s, sold for £198,000, over three times the forecast, when, after securing highs of £1.32m for an object of tribal art (a Benin bronze head) and trial and celestial globes, 56 inches high, made by Malbys in 1861. This unexpected price. about five times forecast, set an auction record for library globes. Partridge also paid £126,500 twice over for two

pairs of George II mahogany library armchairs. Sotheby's also had plenty to crow about. Lubin, the New York dealer, probably bidding on behalf of the Getty Museum in Malibu, paid £572,000 for a mid 12th century Mosan gilt copper and champleve enamel plaque, measuring 10x10cm, of the sacrifice of Cain and Abel. This Romanesque enamel was previously unrecorded and brought in to Sotheby's for identification. It comes from a group, perhaps made for Henry of Blois, brother of King Stephen, now scattered among

many museums.

The Getty is also probably the home for three late 12th century English gilt copper and champlevé enamel panels from a casket, which Lubin bought for for £319,000. In 1978 Sotheby's sold them for £280,000, proving that not all

works of art soar in value. **Antony Thorncroft**

FINANCIAL TIMES

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Friday July 7 1989

Accountants in a panic

THE WORLD of the big accountancy firms is once again in a state of high fer-ment. After the merger of Ernst & Whinney and Arthur Young, we have the prospect of an even more powerful group-ing in the shape of Price Waterhouse and Arthur Andersen, together with expectations of a link between Deloitte and

To the growth merchants of what used to be called the Big Eight, these moves look like the natural culmination of a decade of successful expansion. To outsiders they give rise to a certain unease. How is it that the big firms have prospered so mightily when the profession from which they stem has from which they stem has made so little progress on key issues such as goodwill accounting, brand valuation and inflation accounting? Is the potential shrinkage from the Big Eight to a Big Five or Four really in the public interest? And are the clients' interests being sarrificed in the purests being sacrificed in the pur-

suit of size for its own sake? The merging firms claim to be in no doubt that clients will benefit. The declared logic usually rests on some version of the argument that large clients need access to the full range of audit, tax and consultancy services on a global basis. Critical mass, an unsatisfyingly vague phrase, is much bandied about. The big firms also say that they need to spread the cost of developing information technology systems across a wider client base in order to remain

Fall-out risk

Well maybe. But to anyone who is not involved in the stampede, it looks less a case of coherent strategy than of collective panic where the fear of being left on the shelf predominates. And there will

surely be fall-out.

The experience of Saatchi & Saatchi suggests that it is harder for service industry firms to keep clients happy on a global basis than at first meets the eye. The recent merger between Peat Marwick Mitchell and KMG, which is widely regarded as a success story, still resulted in the loss of some 10 per cent of the two groups' turnover. With the impetus for mergers often com-ing from the US partners of ations, the risk of firms in con-tinental Europe and points East choosing to realign them-selves with other groupings is

far from negligible.
What cannot be denied is that the audit market will remain highly competitive, merger notwithstanding. Today multinational compa nies increasingly put their audit out to tender; and increasingly the big accountancy firms are tempted to bid at uncompetitive rates for andit work in order to win the chance to offer consultancy and other services on the basis of their audit entrée.

New issue tradition

But even the multinationals may be a little concerned at the prospect of market concen-tration if this means that there are not enough top flight inde-pendent firms to go round in a complex contested bid situation. All the more so since the financial markets are reluctant to see medium-sized accountancy firms graduate upwards: on a new issue of any size few issuing houses are happy to look beyond the former Big Eight for a reporting accountant's signature on a prospec-

Nor is the public interest here confined to the narrower issues of competition policy. For the accountancy profession around the world is responsible for delivering an important public good: sound financial information without which capital markets cannot operate. The big firms have made a notable contribution through their consultancy work in information technology. But their global business ambitions suggest that they are becoming dangerously remote from their original, socially valuable

audit function. Perhaps this is an inevitable consequence of a system in which the auditor is paid not by the shareholder in whose interest the audit is supposed by to conducted, but by management. But the potential con-flict between auditing and the accountants' other activities, together with the sudden prospect of concentration in the accountancy market, suggests that the Monopolies Commission should now be put to

Mr Shamir's conditions

THOSE IN the Middle East who were sceptical from the start about the peace initiative launched by the Israeli Government in May will have found ample support for their views

this week. On Wednesday night, Mr Yitzhak Shamir, the Prime Minister, nearly doomed his Government's plan for elections in the occupied West Bank and Gaza Strip to failure by agreeing to attach palpably unacceptable conditions. With the angry reaction to yesterday's fatal bus crash on the Tel Aviv-Jerusalem highway, evidently caused by a Palestinian extremist, the desire on the part of Mr Shamir's Lind of the control of the c Party to close ranks around a hard-line position on the future of the territories can only have

The US, which has been try-ing to establish terms under which elections might be held to choose Palestinian represen-tatives for talks with Israel, is thus faced with some hard decisions about where to go from here - not least concerning how to deal with an Israeli Prime Minister who has under-mined its current Middle East

Wednesday's Likud Party central committee meeting also ralses questions about the Government in which Mr Shamir agreed again to share power with Labour last December. If, as seems likely, the peace initiative now falters, Labour will have to consider quitting the coalition and fac-ing the electorate with a real choice about the prospects for Arab-Israeli peace.

Areas of ambiguity

Until Wednesday, the Bush Administration had been working to entice Israel and the Palestinians into a dialogue based on the Shamir Government's election plan, rather than seeking to impose any designs of its own. Mr Shamir, backed by his Labour Defence Minister, Mr Yitzhak Rabin, had apparently been playing along. Their agreement to disagree on the possible shape of an eventual settlement had left areas of ambiguity for negotiation.

This week's Likud central contributes weeking her nut an

committee meeting has put an end to all that. Hard-liners, led by Mr Ariel Sharon, the Trade and Industry Minister, have succeeded in tying Mr Shamir and his party colleagues to conditions which will make it much harder for the US to put a positive gloss on the election plan, and much easier for the Palestinians to reject it. The Palestine Liberation Organisation will not be under much international pressure to endorse an election plan which excludes the Arabs of East Jerusalem from voting, which entails no easing of the Israeli military presence in the territories, and which encourages Israelis to continue settling

Right-wing concessions

Mr Shamir's concessions to Likud right-wingers should not have come as a surprise. He is, after all, a true believer in hanging on to the occupied ter-ritories as part of Greater Israel. In vowing to crush the Palestinian uprising before embarking on a peace process, unequivocally to rule out an independent Palestinian state, and never to yield an inch of the territories, he was merely following Likud manifesto

At the same time, the Israeli

Prime Minister cannot have it all ways. He cannot preside indefinitely over a National Unity Government while adopting a rigid stance that is vehemently opposed by his cabinet colleagues from a party that polled almost as many seats as did Likud in last November's election. He can-not pretend that his peace ini-tiative is the answer to Israel's public relations problems while insisting unequivocally on an outcome which is accept-able neither to the Palestinians nor to the international community. It is less than two months, after all, since Mr James Baker urged the Israeli Government to forswear annexation of the occupied territories in critical tones not heard before from a US Secre-

tary of State.
To say such things is one thing; to adopt a peace strategy obviously at variance with that espoused by the Israeli Prime Minister quite another. But in the light of this week's Likud decision, Mr Baker may well find himself in such a position, and given current changes in US public opinion, he may find it easier to sustain than did some of his predecessors.

US military commitment in Europe – how many troops and for how long?

The question is coming sharply into focus, but not at all in the way European defence officials were anticipating last year.

The prospect, or threat, of unilateral withdrawals of US forces, as opposed to negotiable cuts put forward as part of an allied platform, has needed On the other hand European receded. On the other hand, European governments have expected such cuts, governments have expected such cuis, if they came, to be quite small. The view now from Washington is that deep cuts in US strength, going further than President Bush's proposals in May and implying a re-working of the way Nato operates its forces, no longer seem far-fetched.

Mr Bush's initiative brought US

troop reductions into the orbit of the conventional arms talks taking place in Vienna between all the members of Nato and the Warsaw Pact. By extending the scope of the West's proposals to stationed troops and air power, and by setting an ambitiously short timetable of six months to a year, it also strengthened the credibil-ity of the negotiating process. This had already been bolstered by Moscow's readiness to accept drastic equipment cuts more or less in line with target figures laid on the table

The Bush proposal staved off congressional pressure at home for one-sided, cost-saving troop cuts by offering the prospect of cuts by another path. Reducing US army and air force personnel in Europe by 30,000 to 275,000 would be tied to Moscow's willingness to cut its strength in eastern Europe by more than half, even after the unilateral withdrawals announced by Mr Mik-

hail Gorbachev. Pleas on Capitol Hill for US unilateral withdrawals have since subsided. No significant congressional initiative in such a direction is expected this year. But Administration officials, politicians and military analysts in Washington are already looking to the next stage of reductions, beyond an initial Vienna agreement.
Senior White House aides say that

if a first-stage conventional arms treaty is agreed and the political rela-tionship with Moscow continues to improve, then the US will not stop

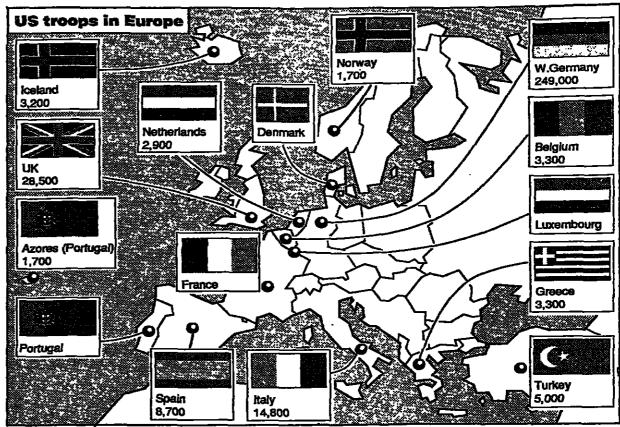
In the rushed preparation of the Bush proposal, designed to salvage the Nato summit at the end of May, a larger cut of 75,000 troops was initially floated, before pressure from the Joint Chiefs of Staff trimmed the figure to 30,000. But the Administration went ahead with presenting what was a 10 per cent reduction as 20 per cent "of combat manpower."

Congress can be expected to try to ensure that the US gets a bigger share than its allies of whatever cuts are allocated through the Vienna process allocated through the Vienna process. For the first time, an arms control process is being looked at in the US from an economic angle. Current proposals could save less than might appear, and would be offset by the cost of monitoring a complex treaty. Independent experts reckon cutting 20.000 treases months are a money. 30,000 troops would save no more than \$1\text{bn-\$1.5\text{bn}} in operations and support costs, out of a £300\text{bn annual defence budget.}

In the absence of an official medium-term plan one has been provided.

um-term plan, one has been provided by Gen Andrew Goodpaster, former Nato supreme commander in Europe, former superintendent of the West Point military academy and chairman of the Atlantic Council, an independent body. His proposal, made in April, was for Nato and Warsaw Pact ground and air force strengths at 50 per cent of current Nato levels, with US troops in Europe likewise reduced by 50 per cent. Both sides would also pull back tanks, armoured troop carriers. artillery and bridging units behind defined zones, wider on the Soviet side than Nato's because Nato has less space, with its back to the

David White examines pressures on the US to reduce its forces in Europe



Between cuts and burden-sharing

"I have been assured since that the proposal that President Bush made does not preclude the possibility of further steps at a later stage," Gen Goodpaster told visiting journalists

Some adjustments may be made outside the Vienna framework. The US already plans to pull back some of the troops assigned to cruise and Pershing missile bases in Europe, redundant now that the missiles are being eliminated. It will continue to be pressed to bring more home, and

For the first time arms control is being looked at in the US from an economic angle

could do so without affecting military capability, although it is unclear how this would fit in with the negotiating

The proposed defence budget for the 1969-90 fiscal year defers any big change in the US force structure. But senior Administration officials see no sense in cutting equipment without cutting manpower. The previous Secretary of Defence, Mr Frank Carlucci, warned that without 2 per cent real annual budget growth, troop levels would have to suffer. His successor Mr Dick Cheney starts out without the 2 per cent.

Behind the push for bigger, longer-range cuts lurks rumbling political sentiment about the European defence burden and the share of it America carries. In a foggy way this is tied in with with trade issues and interpretations about the import of the EC's 1992 process for transatlantic relations. Europe bashing, like Japan-bashing, makes good political rheto-

The US devotes almost twice as much as Europe to defence. Senior Defence Department officials point out that if the US were to spend 3 per cent of GDP like West Germany, instead of 6 per cent as it does, it would wipe out its federal budget defi-

Basing troops in Europe is esti-mated to add between 10 and 15 per cent to the US defence bill. But if the cost of paying and equipping those forces is included, up to 60 per cent of the US military budget can be counted as being Europe-related.

One result of the Bush initiative is that US and Soviet foreign based.

that US and Soviet foreign-based troop levels are henceforth formally linked. The more Soviet forces are pulled out of eastern Europe, unilaterally or otherwise, the more pressure there is likely to be for US forces to From a European viewpoint, the key point about having American

troops is that that the US would be directly engaged at the outset of any conflict in Europe. The worry is that that once withdrawal starts, Nato could begin to lose its raison d'être. On the other hand, Mr Bush is evidentiy not out to rock the Nato boat. Senior officials describe the proposals as early steps and a long way from any sort of disengagement. They rule out a "zero zero" solution whereby, in exchange for Soviet forces withdrawing to the European part of the Soviet Union, US forces would be pulled

back wholesale to the other side of

No US President since the Second

No US President since the Second World War has given such a long-term commitment, aides say, as Mr Bush did in his speech at Boston University in May, when he promised that the US would stay in Europe as long as Europe wanted it to. But that still begs the question: at what levels? Attempts can be expected to be

made in Congress this year to make defence authorisation and appropriation bills contingent on European burden-sharing efforts. A panel led by Colorado Congresswoman Mrs Patri-

If the US spent 3 per cent of GDP instead of 6 per cent it would wipe out its budget deficit

cia Schroeder last year stopped short of wielding the threat of troop with-drawal, but implied that it would be considered if the 1990s saw no fundamental changes.

The most vocal campaigner on this issue in Congress, Mrs Schroeder favours as a next step the pulling back of close air support forces whose opposition in West Germany. Nato, she argues, "is not like an entitlement programme . . . It's becoming less in our interest to be there when you figure what it's costing."

The burden-sharing lobby is now

funds, but Mrs Schroeder claims the US would end up paying 60 per cent. She says: "There won't be a dime." With strong opposition being mounted in the Senate, if will be difficult for the US Air Force to keep the F-16 fighters in Europe.

The US maintains half a million

men abroad, 65 per cent in Europe, half in West Germany alone. Their reception in host countries varies, and not infrequently they have become a bone of political or — in the case of Spain and Greece — international

Public opinion polls in the US show no clear majority view about whether to bring troops home. Support for Nato remains strong. Most Americans favour coming to the defence of Europe. Incidents in which European Europe. Incidents in which suropean allies are perceived as letting the US down — such as lack of support for the 1986 US bombing raid on Libya — make an intense impact, but it does not last long. The idea seems firmly implanted, not so much that the US is spending too much on defence, but that Europeans should spend more.

But in Congress, any possibility other than a sharp revival of East-West tension seems to point to more pressure for US reductions in Europe. pressure for US reductions in Europe. If the Vienna talks go well, the case will be based on a lessening of the Soviet threat. If they go badly (most people think the Bush timetable is at best highly optimistic), there is likely braden. best highly optimistic), there is likely to be more argument about burdensharing, especially if disagreements within Nato are blamed for blocking progress in the negotiations. Mr Stanley Sloan, a security expert at the Congressional Research Service, says Congress would then press for unilateral manpower cuts to unblock the talks and save costs.

Further East-West reductions beyond what Nato is now proposing, say 25 per cent, as the Warsaw Pact has already suggested for a second stage, would pose a series of problems for Nato:

• The distribution of cuts. The Allies are already struggling this summer over how to share out the reductions proposed for army equipment and air-craft. For the Europeans, more drastic moves could jeopardise the viability of some smaller services, and would require much closer defence co-operation, possibly specialisation of roles, although top Nato officers are chary

• The role of nuclear weapons. At least in the US view, they would be needed more than ever to maintain deterrence. Administration officials warn that the US commitment to Europe will become more difficult if short-range nuclear forces - the sub-ject of Nato's bitter row earlier this year — are rejected by allies.

 Military doctrine. Forward defence" - an imperative for West Germany - could be maintained, experts say, but would have to be conceived differently. Nato would need to concentrate on mobility and flexibility, its ability to fall back and absorb an attack, and its capacity to

build up strength again.

The US-service most affected by cuts would be the army; the air force less so. Both are primarily geared to European missions. Some in the US also seek a trimmer US Navy, but deep cuts in land forces would place much more emphasis on the maritime role: more sealift and naval escort capacity to guarantee rapid reinforcements and supplies. Officers at Nato's Atlantic command base at Norfolk, Virginia, say US naval bases would continue to be needed in Europe.

Towards the end of the century, then, the US could be shifting back towards its traditional role as a maritime power. The Constitution of 1787 focusing on the plan to re-base the US

dist Tactical Fighter Wing, due to
leave Spain at Madrid's demand, in
Italy. Nato has agreed to take the
\$500m cost out of joint infrastructure

tally saw this as the country's military vocation. It made it Congress's
job to "to provide and maintain a
Navy," but only "to raise and support
armies."

Orbital not mobile

■ The idea of making millions through renting mobile phones is the stuff of which yupple ambitions are made. This week, Stephen Morris, a fasttalking, good-looking 24-year-old looked set to live the dream when he brought his cellular phone company, Orbital Com-munications, to the Third Mar-

However, the plans have been shattered. Yesterday Orbital cancelled its flotation, blaming "market conditions

and adverse press comment." The rumpus was provoked by a measured, but sceptical piece in the Investors Chronicle and some highly critical articles in the Daily Mail, both of which highlighted Morris's turbulent career. This started with a brief

sojourn at university at the youthful age of 16. He dropped out after being offered a job in the City at the controversial futures broker, LHW. Morris-then became sales director at Empire Futures, which subsequently failed to get regulatory approval. Deciding that he "could sell a lot more cellular phones than futures contracts with far less repercussions", he switched tack last year and set about renting car phones to corporate customers and

car rental companies. Unease about Orbital has not been solely directed at the experience of its young manag ing director, which was in any case partly offset by the presence of its deputy chairman, Charles Hoare – currently deputy chairman of Robert Fraser. The IC concluded that the foundations of the company were "pretty rickety" and the Daily Mail considered that "Morris wants far too

much for far too little". "We do not make our invest-ment decisions on the Dally Mail," said John Alexander of Touche Remnant dryly. None the less, the publicity caused some nervousness amongst market makers and

Observer

underwriters about how the issue would go when trading started. "We felt it would be unfair on the institutions and short sighted for our careers to go ahead" says Morris. He says he already has alternative financing lined up to raise £3m through a private placing.

Flag of revolt ■ A keen-eyed merchant banker points out that an unusual ensign is being flown as the Tall Ships gather in the Pool of London. On a very modern, possibly fibre glass two-masted schooner is a flag in yellow, green and red -the colours displayed horizon-

tally. It is unmistakably the standard of independent Lithu-Gerry who? Late night tennis addicts must have noticed the growing pro-file of Gerald Williams, the

zany co-presenter of BBC's Wimbledon coverage who rides to work on a tandem without a passenger. So who is he?
The grey hair, the grin, the occasional manner of a family doctor and some wacky exploits before the cameras in SW19 do not disguise a life-time spent in professional jour-nalism. London-born, but Welsh educated – at the Queen Elizabeth Grammar School, Carmarthen - Wil-liams learned his trade on the Croydon Advertiser, the Leicester Mercury and the South Wales Echo, purveyors

of all things provincial.

After a stint as a football writer and tennis correspondenton the Daily Mail, he joined ITV commentating on those sports. He also helped promote tennis for the Lawn Tennis Association and was the first to take tennis to London's Albert Hall.



"It's rather depressing we haven't been targeted by

A founder of Christians in Sport, Williams has written a book about his faith called A Whole New Ball Game. He also supports Crystal Palace football team. He is now 60 and getting better all the time.

Thatcher prize

Margaret Thatcher has a new admirer. Wolfgang Kartte, the president of the West German Cartel Office, has nomi-nated her for the annual Ludwig Erhard Prize for the promotion of economic understanding.
In his letter of recommenda

tion, Kartte writes that Thatcher is often held wrongly - to be a "bad Euro-pean". In fact, he says, she tries to use market-oriented policies to ward off economic planners "who want to forge Europe with a crowbar. Anyone, like her, who warns of exaggerated centralisation, bureaucracy and regulation is a good European.

Previous winners of the prize include Raymond Barre, Karl Schiller and my colleague, Samuel Brittan. Thatcher will not be joining them quite yet, however, since the rules of the Ludwig Erhard Foundation state that active politicians are ineligible.

Whom to blame ■ The evidence is entirely anecdotal, but apart from Gov-ernment Ministers I have not heard anyone blaming the cur-rent spate of transport strikes on the unions. There is a tendency to wonder if the manage ment is good enough, especially on the London Underground. But for the rest there is an air of bewilderment even fatalism. Why do the strikes recur? Why does no one try harder to bring the parties together? Why is transport so awful even on days when there are no strikes? My hunch is that in the end the Government will suffer for it.

The old firm

■ A new and slightly sinister-sounding combination is begin ning to strike for Leicestershire County Cricket Club: caught Nixon, bowled Agnew. Both Warwickshire opening batsmen fell to it on Tuesday and Lancashire were also trou-bled by the partnership on Wednesday. But do not worry: it may not last. Nixon is simply standing in for Leicester-shire's normal wicket-keeper, and may soon be standing down.

Careful

■ Some apparently alarming Some apparently alarming developments in health care. The authorities in Harrow, Middlesex, have put a large sign outside Northwick Park Hospital telling passers-by: "Danger, Hospital". At Barts in the City, sandwiched between signs for Radiography and Nurses' Home, is . . . Butchers Hall.

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he British Government is going through one of those periods in which practically everything it touches turns to dross. The Prime Minister's constant reminders of the 1979 "winter of discontent," which very nearly killed off the Labour Party are hardward to off the Labour Party, are beginning to sound both stale and irrelevant. Labour governments made a terrible mess of the late 1970s, but that is behind us now. The messes of the 1980s are the achievements of Mrs Margaret Thatcher's administration alone. The double-digit inflation caused by the profligacy and financial incompetence of Labour administrations of 1974-79 was dreadful, but it neither explains nor excuses the resurgence of inflation — steadily approaching double digits - under

Her arguments from what is becoming ancient history cannot explain the current rash of public sector strikes, which has broken out under Tory legwhen has broken out under fory leg-islation. There may well be strong knee-lerk commuter support for a bifi that outlawed strikes on the railways or in the civil service, but it could be short-lived. It is not even certain that the railway company which have the railway stoppages, which have burt the south-east most, are yet turning away Labour Party supporters although experience suggests they might if they go on for long enough. The Government therefore appears to have decided to tough these strikes out, which is sensible on economic

the Tories.

grounds.

The politics of the matter are more complicated. The railwaymen may win some sympathy by stressing their willingness to go to arbitration. Nearly everyone except Mr Nigel Lawson, the Chancellor of the Exchequer, perceives that investment in public transport intrastructure is insufficient. perceives that investment in pulmitransport infrastructure is insufficient by continental European standards. Yet a few more weeks of serious inconvenience could lift the Tory rat-

inconvenience could lift the Tory rating in the polls.

Meanwhile a Gallup poll published
in mid-week indicates that an overwhelming majority of the electorate
mistrusts the Government's plans for
reforming the National Health Service. Its bill to privatise electricity,
which is still before Parliament,
promises to be of a similar order of
unpopularity. The hill to privatise unpopularity. The bill to privatise water went through its final stages in the House of Commons this week, but four-fifths of the respondents to a

recent poll are against it.

There are two basic reasons for this unhappy state of affairs. The first is that the Government is getting the economy wrong. The second is that it seems to be geiting just about every-thing else wrong. The latter is poten-tially more demoralising than the former. Members of the Cabinet can live with the idea of mid-term blues brought about by an economic crisis; they are accustomed to that. The idea that several of the policies of the post-1937 stage of the Thatcher revolution are in themselves unacceptable is harder for a mature and still funda-mentally self-satisfied Government to

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As one senior Minister put it the other day, "inflation has returned, mortgage rates are high, and interest

POLITICS TODAY



A summer of frustration

By Joe Rogaly

rates are higher. When the economy is going badly everything is seen to be going badly. When it starts going well again, we'll start looking good again." He stands a fair chance of being right, but he cannot be sure. That is why so many rank-and-file MPs are talking of a period of consolidation.

This is more easily demanded than provided. For several great immediate

causes of unpopularity are likely to be with us for some time yet. Take the NHS. Here the Government has fallen into a trap of its own making. This has little to do with the merits of its proposals for reform, which are considerable, but rather more to do with the handling of the case. It was silly to get into two arguments with the doctors at once - one about their pay and contracts and another about reform. It turns out to have been unwise to appoint two pag-nacious ministers, Messrs Kenneth Clarke and David Mellor, to present the arguments. It was next including the arguments. It was particularly inept to underestimate the fighting strength of the British Medical Association, which has shown powers of political organisation that must make

extremely envious.

Now all the mistakes have been made and the Government must face the music. Option one is a humiliating climbdown; option two is to go ahead with a (compromise?) bill in the

a battered Conservative Central Office

autumn. So far they are still stuckwith option two.

Then there is the bill to privatise electricity. The central error was made when the Prime Minister briefed her Energy Secretary, Mr Cecil Parkinson after the 1967 general election. Go ahead, said she, and include the nuclear industry in the privatisation. "Are you sure?" asked Mr P. "Yes Cecil," was the reply. The beneficial result is that the horrendous costs of Britain's existing Environmentally-minded voters do dous costs of Britain's existing nuclear generators are now being exposed for the first time, partly as write offs, partly as excessive running costs, and partly as projections of future decommissioning costs.

The political outfall is not so welcome. These bills have to be met by

someone, as the Energy Secretary keeps telling the Treasury and anyone else in sight. If they are kept in the public sector, that will be a liability to deduct from the proceeds of the priva-tisation. If they go with National Power, the larger private generating company, that will reduce the price and the proceeds. Heads the private investor wins, talls the taxpayer loses. Mr Lawson does understands this. His natural inclination, as one of the few free-market true believers in the Cabinet, would be to so arrange matters that private companies took the managerial responsibility, even if that meant a lower price for the shares,

Then there is the green factor. Environmentally-minded voters do not like nuclear power. Mr Nicholas Ridley, Secretary for the Environ-ment, seems to have proposed that a fossil fuel tax be imposed, with the proceeds paying for the nuclear sec-tor. Since the odds are that there will be a tax on carbon dioxide emissions in the European Community before too long, this would be a step on the way. Mr Ridley's argument came up against the counter-proposition that people would see it as a device to equalise nuclear and non-nuclear costs by artificially increasing the lat-ter. The nuclear levy will therefore be imposed on all electricity users, irre-spective of the fuel used.

This is also a gift to the Labour Party, but at least it should have the environmental merit of increasing the price of electricity, (Mr Lawson is fond of arguing that the most environ-mentally powerful event of the post-

war era was the increase in the price of oil to \$30 a barrel.) The political damage, in a year of rising Greens, lies in the cast of mind of some of the Government's middle-aged ministers. When Messrs. Parkinson, Lawson and Kidley were growing up, greens were something you had to eat before you got your pudding. Mr Parkinson is a businessman, unable to see much sense in rubbishing the existing industry at the same time as he is promoting its sale. He is scathing about those who propose both cheaper about those who propose both cheaper electricity and, at the same time, an increase in the budget for promoting its efficient use; he has a point there. Nor, to him, does it make sense to compel people who will run companies that depend on electricity sales to invest in execute saving projects. to invest in energy-saving projects.

All this runs slap-bang against current mainstream environmental thinking as shown by Tuesday's "urgent" interim report of the allparty Energy Committee of the House of Commons. It places the highest priority on energy efficiency as a means of reducing noxious emissions that contribute to the greenhouse effect. It speaks for the politics of the coming

Water privatisation will also return to haunt the Tories. The many flaws in the legislation have been well rehearsed over the past few weeks. The likely quarrels over water purity and EC legislation have been widely anticipated. I would remind you of one further Green trap. Water, like nuclear power, is a clapped-out industry in need of enormous injections of capital to put it right. Some can come from the higher prices that will follow Water privatisation will also return from the higher prices that will follow privatisation, but much will come from the sale or exploitation of sur-plus land. There are now protections in the bill that might prevent the future water companies from being overly rapacious, although Ministerial consent is a fickle safeguard. I predict local newspaper headlines about water companies covering over this or that favoured country retreat with chalets or theme parks. The voters may remember who is to blame. It is little wonder, then, that all the talk nowadays is about an election in 1992; any earlier date is beginning to look too soon. Before going on, I should warn you that whenever I talk of Cabinet reshuffles my imagination plays a strong part in what I say. This is because the same can be said of my informants, be they ever so powerful in their own departments. The Prime Minister says something between very little, and nothing at all, right up

close confidantes could honestly claim to know better.

So here's guessing. Expect a reshuf-fle at the end of this month, with a few relatively "ordinary" changes -Ridley to Industry, Major to Trans-port, Baker to Chairman of the Party, a surprise to Environment, a clutch of young right-wingers put on the lower rungs for the first time. The Conservative managers would then let com-mentators conclude that the big preelection reshuffle is for next year. We should know before this frustrating summer is out.

until the day she makes her announcements; only one or two very

Arise, Sir Alan of the US Fed

Greenspan should be knighted, writes David Hale

Empire.
As chairman of the American

As chairman of the American Federal Reserve Board, Mr Greenspan is not merely the world's second most important economic policy-maker after the Japanese finance minister. As a result of exchange rate pegs with the US dollar, he is also the defecto central bank governor of several of Her Majesty's other realms and territories, including Antigua and Barbuda, the Bahamas, Barbados, Bermuda, Belize, Cayman, Dominica, Grenada, St Kitts and Nevis, St Lucia, St Vincent, Trinidad and Tobago, the Turks and Caicos Islands and Hong Rong.

In the past, Washington took little notice of the fact that the rederal Reserve was freely dis-pensing monetary policy to other countries. But with the US increasingly crippled by a large external debt and insecure about her future place in the world, there would be numerous advantages in using the royal preroga-tive to honour those American officials still able and willing to sustain the burden of empire. First, royal recognition of the Fed's international responsibili-ties would prevent international

Fed's international responsibili-ties would prevent international monetary relations from getting entrapped in Washington debates about burden sharing. With numerous congressmen now demanding that America's allies pay her a defence subsidy, it is only a matter of time before the US Treasury asks dollar-pegged countries to pay a "rental fee" for the importation of American monetary policy.

monetary policy.

Second, the conferring of a knighthood upon *Mr Greenspan* would set an important precedent for using "positional goods" to compensate senior American civil servants for the 50 per cent decline in real pay which they have experienced since the Republican ascendancy in US politics began 20 years ago. Con-gressmen have circumvented the gressmen have circumvented the pay freeze through speaking bon-orariums, but morale in other agencies is so bad that one Fed-eral Reserve governor recently resigned in protest of his low sal-ary, while the Bush Administra-tion is finding it difficult to recruit competent technocrats. Nor should the Palace be content with enverse of with ensuring that the spouses of

ONE OF the interesting questions raised by Buckingham Palace's decision to confer knighthoods upon former US Defence Secretary Caspar Weinberger and President Ronald Reagan for services to Britain is when Her Majesty will bestow such an honour upon Alan Greenspan for his services as Monetary Lord of One Pith of the British Commonwealth and Empire.

The Ladies''. Countries with dollar links also should advertise their status as monetary mistresses of the Federal Reserve chairmen be "Ladies". Countries with dollar links also should advertise their status as monetary mistry of Sir Alan seated among the other Fed governors (OBEs) and district presidents (MBEs) and district pres

Finally, the revival of Comnonwealth titles on the eastern seaboard of the US would be a potentially useful antidote to potentially ascrul antidote to America's growing parancia about the rise of Japanese eco-nomic power. With Japanese companies now dispensing cash in Washington on as grand a scale as the Recruit Cosmos comscale as the Recruit Cosmos company once passed out shares in Tokyo, it is only a matter of time before Emperor Akihito starts conferring knighthoods upon American policy-makers. It would be more reassuring for America's self-confidence if its civil servants could be uplifted from their genteel poverty with flattery and favours from the poor old mother country rather than a nouveau riche Emperor whose palace now has a market value in excess of California's.

More knighthoods for American

More knighthcods for American civil servants should not can civil servants should not mean fewer honours for other countries' public officials. In fact, by assuming a quiet but poten-tially effective consultative role in the conduct of international monetary relations, Europe's old-est monarchy could help to smoothe the way for Europe's oldest central bank to slip with grace and dignity into the embrace of the European monetary system. There is a natural reluctance at 10 Downing Street the natural tellicity the natural tellicity. tary system. There is a natural reluctance at 10 Downing Street to link the pound to a European currency basket dominated by Germany. But monetary union with Europe might be more emotionally acceptable if German central bankers did not just speak English, but also had more Angio-Saxon sounding names. As a result, the Queen should not merely confer upon Mr Greenspan titles which more fully reflect the global scope of his responsibilities – Knight Bachelor of the British Empire, Monetary Lord of Her Majesty's Carlbbean Realms and Territories, Defender of the Hong Kong dollar. At the moment when it finally becomes appropriate for the Bank of England to take its monetary vows with the Bundesbenk and Europe, Her Majesty should send for Karl Otto Pohl.

The author is Chief Economist at Kemper Financial Services in Chi-

Qualifying as a charitable object

Sir, Michael Prowse ("A supine policy on charities," June 29) reveals an extraordinarily narrow understanding of charity, while attempting to argue for modernisation of its definition.

definition.

Relief of poverty, which he argues should be the basic test of charitable status, is only one albeit very important area of legitimate charitable

activity.

In particular, he appears to believe that public schools are the only educational charities;

promoting museums, art gal-leries and psychological heal-ing, to running day nurseries, toy libraries and student

ing, to running day nurseries, as a fatal flaw in what is a toy libraries and student fundamentally sound system of charity law. Thankfully the Government has, so far, refused to fall into that old transcription would many important environmental and animal charities be excluded, but the system would lose the flexibility which has allowed, for as a fatal flaw in what is a fundamentally sound system of charity law. Thankfully the Government has, so far, refused to fall into that old transcriptions.

Usha Prashar, National Council for Voluntary Organisations, 26 Bedford Square, WC1

It is certainly encouraging that the UK manufacturing sector is now both leaves and fitter than it used to be - but also, unfortunately, the sector

is now much too small to pay for our manufacturing import

The UK share of world trade appears to have stabilised — but at a record low level. At the same time manufacturing

imports have more than dou-hled during the 1980s.

Disturbingly, there is no sign of a structural improvement in the UK import position. Only

in fact they constitute a thry minority, overwhelmingly out-numbered by organisations whose activities range from the promotion of good race relations to the list of charitable objects.

Michael Prowse sees a handfriendly societies, the Flex full of admitted anachronisms

as a fatal flaw in what is a

penetration has risen continuously.

The upshot is that we need

to do more in failure than simply to maintain our share of world manufacturing. Even with a likely slowdown in import growth our share of world trade will need to rise by

about two percentage points to make good the deficit in UK manufacturing trade. If this could be achieved then we could really start talking about

an economic miracle in UK exports.
Glenn Hoggarth,
Chief UK Economist,
The Henley Centre.

Group become thought of as an innovator and a leader associated with bringing opera to a wider andience. The letters we have received from the public following the production indicate that the event was extremely successful in this respect.

tion next year. Stephen Auty,

A good performance that could be even better

From Mr Glenn Hoggarth. Sir, I was interested to read Andrew Snell's article ("The export consequences of Mrs Thatcher," June 28) on the UK's recent export perfor-

mance.

He outlines the results of his research which explains why, in the period since 1981 — unlike previously — UK manufactured exports have increased in line with world trade. Because there has been little change in the relative price of UK goods the likely explanation for this improvement, as Mr Snell makes clear, is a better non-price performance of UK exports.

part of the import surge has been caused by the buoyancy of the UK economy - import Delighted to be a sponsor

Antony Thorncroft's article on arts sponsorship (June 5) which raised two interesting questions about the MI Group's successful sponsorship of Carmen at Earls Court.

Did Carmen, "the show hiz event of the summer," actually need sponsorship? Did we at the MI Group get value for our backing (part of a three year programme)? The answers have important implications for UK arts sponsorship generally.

ally.

It is obvious that productions similar to Carmen are high-risk ventures, with prohigh-risk ventures, with production costs alone amounting to over £3m. With guaranteed ticket sales, or government subsidies, it is necessary for the organizers of such productions to obtain a big sponsor.

The reported £300,000 spent by MI Group on Carmen is part of a total sponsorship package, spread over three years, esti-

From Mr Stephen Auty.

Sir, We were pleased to see Antony Thorncroft's article on arts sponsorship (June 5) mated at £500,000 — including the similarly spectacular Aida last year. Compared with the £5m being spent by Mitsuhlshi in Japan to stage and promote Carmen alone, this represents

Carmen aione, tims represents good value for money.

The investment which the MI Group has made to date has paid for itself many times over. It is a small price to pay for the significant amount of name awareness generated by the ware high profile proportional very high profile promotional campaign, television coverage and public relations.

In addition, we used the sponsorship opportunity to develop our relationship with our 300,000 clients via special ticket promotions. Corporate entertaining gave the MI Group a further opportunity to build upon existing contracts and establish new ones, and to impress on opinion leaders and potential partners and sentor recruits the scale of our bust-

ess.
Our aim was also that the MI 92 Wimpole Screet, Wi

Fair and

Sir, Your recent reports on the problems faced by two
friendly societies, the Fleet and
Time Assurance, perhaps do
not make clear the fundamental difficulties faced by the movement as it attempts to movement as it attempts to compete in a financial services market increasingly dominated by the biggest players.

Friendly societies are governed by legislation enacted in mid-Victorian times. Apart from minor amendment, that legislation remains basically unchanged. Societies are unique within the financial services sector they connets

services sector; they compete with other institutions, but are prevented from offering mod-ern financial products, such as em imancial products, such as unit trusts and PEPs, by anti-quated laws. The Financial Services Act 1986 applies to friendly societies as it does to the largest insurers — societ-ies' costs are thus dispropor-tionate.

For three years we have been urging Treasury ministers to modernise the legislation which governs us so that we may compete with others on an equal flotting. We do not seek protection or privilege, merely fatness and equality. In April, Mr Peter Lilley, the Economic Secretary to the Treasury, announced in the ernment review into the legis-lative position of friendly societies was under way. This review was instigated last autumn, after Mr Lilley received from the friendly societies a formal request for an overhaul of the law. Such reform must allow societies to form subsidiary companies to conduct the wider range of business engaged in by their competitors. We believe a sub-

sequent Parliamentary Bill,

while quite complex, would not be politically contentions and

could therefore take relatively

extremely successful in this respect.

Indeed, even the Financial Times acknowledges Carmen as "becoming the biggest sponsorship bundwagon ever." Not had for a venture by a company 19 months old. Mr Thorncroft may not know exactly what we do, but the millions of become who saw Carmen live or little parliamentary time. There are 400 or so friendly societies, with 7m members. The movement has a long people who saw Carmen live or on television know the MI record of encouraging thrift and self-reliance throughout society. Its potential now, as Group name and that it is an important financial services company. Objective achieved. Consequently we are delighted with our sponsorship of Carmen, and look farward to our state continues to increase, is considerable. It should not be considerance. It smooth not be left to waste away because of a lack of political will.

D.H. Wilkinson,

The National Conference of Friendly Societies,

Southampton Row, WC2. involvement in a third produc-

A powerful head of steam is building up behind the proposed single market of 1992.

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FINANCIAL TIMES

Friday July 7 1989



East and West Germans in joint anti-pollution drive

By David Marsh in Bonn

Government is to share with East Germany the cost of a three-year programme to reduce air and water pollution, under an agreement signed by the two countries in Bonn yes-

terday.
The accord, hailed as a "breakthrough" by Mr Klaus Toepfer, the Bonn Environment Minister, represents the most important example so far of East – West environmental

co-operation.

The two sides have pledged

joint projects. These include the introduction of cleaner coal-burning technology in East German power stations, establishing an incinerator for East German pharmaceutical residues, reducing chlorine and mercury pollution in the Elbe

and Saale rivers, and jointly combating smog along the East-West German border. West Germany is to spend DM300m (\$160m) on the projects over the next three years. The East Germans will put up 470m East German Marks

(equivalent to about DM120m).

The aim is to cut the burden on both countries of pollution mming from East Germany. The measures form part of what both sides call progressive "normalisation" of relations since the visit to the Federal Republic in September 1987 of Mr Erich Honecker, the

East German leader. A particular objective is to rrage East German industrial concerns to convert to more environmentally friendly technology. Two pilot projects will be concentrated on the petrochemical works at Buna

near Leipzig, the centre of a notoriously polluting industrial region. Leading West German com-

panies in environmental technology – where groups such as Deutsche Babcock, Thyssen and Hoechst all have important activities – appear likely to be involved in the projects. Participation will be decided according to tender offers which are to start soon.
The agreement

announced yesterday at a joint press conference between Mr Toepfer and Mr Hans Reichelt, the East German Environment Minister. Mr Reichelt pointed out that technology would be flowing in both directions, not

only from West to East. He stressed that a number of East German environmental technology licences had been acquired by West German con-cerns. Under evident pressure over East Germany's poor envi-ronmental image in the West, Mr Reichelt declined at first to answer a question on his country's reputation as a polluter, although he produced a number of defensive statistics.

US threat of action on oilseed against EC

By Tim Dickson in Rniesels

TENSIONS which underlie transatiantic trade relations transattantic trade relations erupted again yesterday when Mrs Carla Hills, US Trade Rep-resentative, threatened to retaliate against what she called the European Commu-nity's "unjustifiable and unreasonable" oilseed subsi-

dies regime.
The decision by Washington to step up the pressure over this highly sensitive issue – under a clause in the new US Trade Act which requires immediate "action" if the dispute is not satisfactorily resolved within the next six months – was quickly and

predictably condemned by the European Commission. A statement issued in Brusels said that the EC executive "deplored the unilateral posi-tion taken by the United States", reaffirmed the EC's "commitment to the proper functioning of the General Agreement on Tariffs and Trade", and emphasised "the importance of the Uruguay Round negotiations aimed at printed the multilateral reinforcing the multilateral process". The Commission noted that the EC had already agreed to take part in a Gatt disputes settlement on the oil-

seeds question. The significance of vesterday's developments is that the oilseeds issue has been chosen as the first test case for the newly toughened Section 301 of the Trade Act (to be distinguished from the specially fast track Super 301 procedures which have already been

and Brazil). The EC complained vocifer-ously about the intended bilateral US approach to trade dis-putes while the Bill was proceeding through Congress. including the clauses which automatically required Mrs Hills to trigger yesterday's for-mal investigation (and implied

The complaint – submitted by the US Soyabean Association exactly 18 months ago

- centres on the EC's production and processing subsidies
on oilseeds and animal feed proteins. These are paid directly to processors on con-dition that they pay ollseed producers a minimum Euro-pean price which at the moment is two to three times higher than that on the world market.

The US says that these subsidies have inspired a huge increase in EC produc-tion – from roughly 2m to 12m tonnes over the last 16 to 15 years – thereby displacing American soyabean imports.

The subsidies, it is claimed, cut across a Gatt obligation agreed by the EC in 1963 not to impose any duties on US

oilseed imports.

Gov Terry Branstad of lowa, visiting the European Commission yesterday with a group of governors from vari-ous US states, noted the dis-putes between the US and EC over agricultural issues, Reuter reports from Brussles. He described the Community's ban on meat from cattle treated with growth hormones as "an improper and unfair barrier to free trade."

Mr Andriessen responded that the community's restrictions were non-discriminatory. applying to European produce as well as imports.

No accounting for choice

THE LEX COLUMN

Even ahead of today's US employment data, the markets are convinced that further Fed easing is imminent, and a cut in prime rates a foregone conclusion. If so, this could mark the end of the dollar's recent weakness, since it is just what the foreign exchange markets have been discounting.

Accounting

There can be no more stri-king instance of the recent frenzy for consolidation than this week's giant accountancy mergers. It is not merely that there will be little obvious benefit to the firms themselves, and none to their clients. More curious is the fact that these are businesses run not by sala-ried managers, who are naturally tempted by turnover, but by profit-sharing partners who ought to know better.

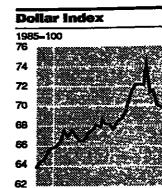
For companies and shareholders, the worry concerns not the consulting services which the accountancy firms offer - since these are avail-able elsewhere - but their monopoly function of auditing.
A profession consisting of two
or three giants would find it
easier to push prices up, while
perhaps offering a less differentiated service. And whereas a year ago, a big company seeking to change auditors would have had the choice of several firms not already auditing a competitor, this week's mergers might mean no choice at

If the key to the mergers is the desire by accounting firms to operate across a wider range of services, that too is of legitimate concern to shareholders.
Advice on tax planning, for instance, may come oddly from a firm whose job it is to audit the results. More important, the bigger the revenue a firm gets from an individual client, the less willing it will be to risk that revenue by asserting

its auditing independence.
As for the profession's duty to develop accounting stan-dards, it could be argued that the more global the firm, the more informed its approach to issues like goodwill, brand val-ues and the rest. But that counts for little if the monolithic structure of the profession means there is no scope

Air Canada

jumped by more than 50 per cent since the Canadian Government sold its first tranche of stock last November. So it is no surprise that it is taking



Dec 88 advantage of the market's current love affair with North American airline stocks to dump the rest at C\$12 a share. However, the international appetite for a politically sensitive stock which has considerable financing needs, and is fairly sensitive stock which has considerable financing needs, and is anie innancing needs, and is facing an economic slowdown in its main markets, is rather surprising. Air Canada's pro-spective earnings multiple of 71% is not much different from that of KLM and British Airways, and they at least are paying handsome dividends. However, Air Canada is being sold on the basis that

since the demise of its main cut-price competitor, Canadian airfare wars are a thing of the past; and that anyway its assets are far more important than its earnings. The key here is its holding in GPA Group, the mercurial Irish aircraft leasing company, which is worth at least C56 per share. This means that there is little fear of it having to tap its shareholders for funds to reequip its fleet. That is a brave assumption, and very dependent on Air Canada doing the sensible thing and cashing in its GPA stake.

Water Authorities

The 10 water authorities are much better at justifying hosepipe bans than explaining their own financial performance. Yesterday's press conference on their results for the last year before they are privatised was a rather pointless public relations exercise, and gave none of the information which the City wants before it passes judgement on what has been tagged as the most unpopular

Although the commercial logic of privatising the UK water and sewerage business may be questioned, there is lit-tle doubt that the privatisation will proceed, and November 22nd has been pencilled in as impact day. Postponing the sale would cause considerable political damage to the Govern-ment, and this means that it will have to underprice the issue, by pitching the starting yield above 8 per cent, say, to ensure that the institutions fall

At the moment the Government is still juggling with the three key pieces of information - the pricing structure, balance sheet and capital spending forecasts — which are essential before the issue can be assessed. Assuming that the pricing policy is sensible, the big worry for the City is that the authorities will have to more than double their capital spending bill. Despite its keeness to sever its ties with the industry, the Government may have to provide some longer term assistance on this score.

Coalite

Anglo's improved but final terms for Coalite have put it within striking distance of emerging as North Derby-shire's coking colossus. But if it wins, the margin of victory will probably be small: and for all Anglo's business school rhetoric about refocussing Coalite, it is hard to see a union of two non-growth busi-nesses, open-cast coal mining and smokeless fuel, as the stuff of which stock market fortunes are made.

Yesterday's increased bid has its weak spots. The partial share alternative may woo insurance companies whose capital gains tax liability less ens the appeal of the full 475p cash offer. Yet Anglo's erratic track record and US open-cast mining losses hardly give it long-term appeal. And even if Anglo can sell Coalite's noncore operations for £200m within a year or so, the £44m of cash flow from the remainder looks scarcely enough both to service its debt and sustain

strong dividend growth.

If the paper is unattractive though, the cash may be irresistible. Coalite's strangely belated revelation on Tuesday of a £64m pension fund surplus and London property worth £12.5m have helped justify break-up values of 480p-530p per share; but the prospect of a share price collapsing to 360p if the bid fails may be a more snag for Anglo is the heavy hand on Coalite's share register of professed long-termists such as Prudential, Pearl and Britannic Assurance.

African plan challenges IMF line

Michael Holman examines an analysis of the continent's problems

DOCUMENT which attacks Africa's "pervaand argues for "more demo-cratic political structures to facilitate development", seems an unlikely product of the con-tinent's UN-funded economic

It is also surprising, given the source, to read a critical commentary on the fact that developing Africa spent less on education than on the military in the mid-80s. Or that annual public expenditures on health have accounted for less than a third of military outlays.

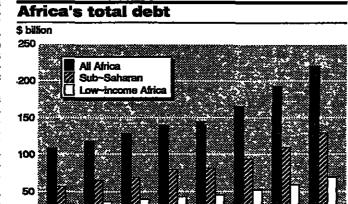
Yet these are among the sen-timents that underpin a new economic recovery programme for Africa which challenges the policies of the International Monetary Fund (IMF) and World Bank, launched in Lon-

don yesterday. The architect of the document - African Alternative Framework to Structural Adjustment Programmes, endorsed at a recent meeting of African finance ministers - is Professor Adebayo Adedeji, executive secretary of the United Nations Economic Com-mission for Africa (ECA), based in Addis Ababa.

"Africa has been very candid about the nature of its prob-lems," said Mr Adedeji at his press conference. But he went on to be equally candid about what the ECA sees as a failure on the part of the world's leading lending and development

institutions. Painting a bleak picture of a continent in continuing decline, he went on: "It has now become apparent that the orthodox structural adjustment programmes that Africa has been pursuing have failed to overcome the economic crisis in many cases have m recovery even more difficult."

The charge is the latest development in a long-running dispute in which the Economic Commission, other UN agen-cies such as UNICEF, non-governmental agencies such as Oxfam, and most African governments, are at odds with the IMF and the World Bank over how to respond to Africa's eco-



Since the Fund and the bank control most available aid and development resources, the alternative programme stands little chance of getting off the ground in the short term.

But it provides an important indicator of the anger and frustration of many African governments, which maintain that although they have been implementing IMF and World Bankingsigned policy referres hard. inspired policy reforms, hard-ship is increasing, stability is being undermined, and capacity to service growing external ebt is declining. Among the measures the

document advocates are multile exchange rates, limits on debt service payment so as to allow more resources for devel-opment, selective subsidies and rice controls, and cuts in defence spending and in non-productive public sector activities. It also recommends limited use of deficit financing for investments, differential export subsidies, and what it calls greater mass participation in decision-making and imple-

mentation of programmes."

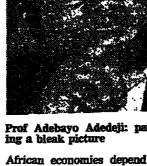
Above all, the document stresses the need for more consultation between governments and lending institutions, based on greater recognition that the continent's widely diverging economies are not susceptible to a single solution, and more

effort to alleviate the impact of djustment on Africa's poor. The dispute over a suitable strategy took on a sharp note in March this year, when a World Bank-United Nations Development Programme report claimed that economic recovery in sub-Saharan Africa had begun. It said countries undertaking IMF-World Bank reforms were performing better than those that were not.

There was a sharp retort from the Economic Commission. Africa's condition had deteriorated rather than improved, it said, and it accused the bank of selective use of data. But it also stirred up a hornet's nest within the bank, where many staff mem-bers and consultants share the concerns of their critics. The ECA document launched

in London yesterday comes as a carefully considered rejoin-der to that contentious bank It attacks some of the key tenets of adjustment policies in

Africa as either inappropriate, or applied without sufficient consultation and flexibility. • Exchange rate policies - which invariably



Prof Adebayo Adedeji: pzint-

African economies depend on primary product exports subject to quotas, and sold at prices externally determined, says the ECA. Trade liberalisation "is not feasible in view of the protec-

tionist practices of industrialised countries, and also because of the adverse effects. of foreign competition on infant industries in Africa." Privatisation in Africa is based on "the incorrect assumption that the indigenous private sector is strong enough to take over state

enterprises." Tight credit policies usually lead to contraction in output; a sustained policy of tight credit "would lead to a reduction in the existing capital stock due to the inability to replace it." Interest rate increases may raise savings levels, but imper-fections of the African capital markets "encourage speculative rather than productive activities" and fuel inflation. Pricing policies are based

on the false assumption that markets in Africa are always competitive. In the coming months formal and informal consultations

among the protagonists will be continuing, in the search for the consensus that Mr Adedeji

involve substantial devalua-tions — do not take proper account of the fact that most

Haughey enters talks to form coalition

MR CHARLES HAUGHEY, cal alliance is the only way in Ireland's caretaker Prime Minister, is expected to be able to form a government when the Dublin Parliament resumes on

Wednesday – but at the price of sharing power for the first time in his party's history. Talks on the formation of a government after last month's inconclusive general election were spurred by two opinion polls showing that 70 per cent of the electorate did not want another election and that more than half believed Mr Haughey should resign as leader of the

Fianna Fail party.

A conciliatory Mr Haughey told the Dail when it reassembled yesterday that "if our entry into some form of politi-

which a government can be formed in this Dail, our duty is to positively and constructively explore the possibility of finding some agreed basis for

Fianna Fail is expected to enter an agreement with the Progressive Democrat Party which would see at least a cabinet seat for Mr Desmond O'Mailey, its leader, Mr O'Malley once challenged Mr Haughey for the Fianna Fail leadership before leaving the party to form the Progressive

Yesterday, Mr O'Malley warned the Dail that despite the optimism, the result of the talks should not be taken for

granted. The Progressive Democrats may seek a second cabinet seat and will certainly want at least one junior ministry. There is also a suggestion

that the party may be offered the post of deputy speaker. There could be arguments over what to call the new administration. Fianna Fail is anxious to avoid the tag of "coalition," but so far no convincing alternative has been

Northern Ireland policy could prove a thorny issue for a Fianna Fail-Progressive Democrat administration because it was one of the issues over which Mr O'Malley left his former party. Mr Haughey has since modified his position, but

agreeing a form of words on this issue could prove tricky.

Mr Haughey also needs the formation of a new government to protect his own posi-tion as leader. The opinion polls showed that a third of Fianna Fail supporters thought he should step down after a series of miscalculations which began with the calling of the

election. Evidence that he has not lost all his political wiles, however, came from the fact that his two most likely successors, Mr Albert Reynolds, the Finance Minister, and Mr Bertie Ahern, the Labour Minister, have been kept busy as chief negotiators with the Progressive Demo-

Gorbachev's Europe plan

Continued from Page 1 ing. But he made no reference to the Council's role as home of the European convention and court of human rights.

"This is a course for confrontation", he said. "There will be no European unity along these In an apparent reference to

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Brady wants stable dollar

Continued from Page 1 Both Mr Brady and Mr Mul-ford sought to accentuate the positive over the debt reduction strategy for Third World countries, in spite of the absence of any breakthrough in the talks between Mexico and its bank creditors.

recently agreed new economic programmes with Mexico, the Philippines, Costa Rica and Venezuela, Mr Brady said: "We have laid a solid foundation for progress which will have the full support of the heads of state at the summit."

Noting that the IMF had

and court of human rights.

The Soviet leader contested what he described as the wide-spread belief in the West that Europe could only be united by "overcoming socialism".

fast-moving political events in Poland and Hungary, he admit-ted that "the social and politi-cal order in some particular

WORLD WEATHER



Israeli bus crash eclipses political talks Continued from Page 1

ence on Wednesday evening which heavily circumscribed his proposals for Palestinian elections in the territories leading to some form of self-rule.

By explicitly ruling out any advance until the intifada (uprising) was crushed, excluding East Jerusalem Arabs from the process, ruling out a Palestinian state and insisting on continued Jewish settlement of the occupied territories. Mr Shamir provoked a strong reaction from Palestinians and his Labour coalition partners. In Tunis, Palestine Libera-

tion Organisation officials said the development proved that Mr Shamir had never been serious about his peace plan.
In Israel, the Likud move was greeted with dismay by Labour whose leaders began to talk openly of breaking up the coalition for the first time since it was patched together at the end of last year. The Likud vote also raised questions about how the US Administration intends to pro-ceed in its efforts to secure Arab support for the Israeli Government's election plan. Mr Shamir yesterday called in the US ambassador to Israel. Mr William Brown, to tell him that the peace initiative stood as endorsed by the Israeli Gov-

ernment. In Washington, State Department officials played down the significance of the Likud vote FERRANTI

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Canadian brewers' merger approved



the Canadian-based brewing operations of Molson Companies and Elders IXL, the parent of Carling O'Keefe of Canada, has been approved — with some reservations — by the Federal Competition Bureau, the country's anti-trust body. The merger will create

the largest brewer in Canada and is a key move in the North American strategy of Elders, the Australian group headed by Mr John Elliott (above). Page 26

Boom time for Malaysian cocoa Not so long ago, the Malaysian cocoa industry amounted to little more than a few experimental farms, some cocoa plots here and there and seedlings stuck in between rows of coconut trees. Then came the price boom of the late 1970s, and the crop's extraordinary advance. Nothing - not even the current slump - has been able to halt it, with the result that production reached 231,000 tonnes last year, com-pared with 18,000 tonnes in 1978. Page 38

Losses in Japan and Hong Kong take wind out of markets' sales



The pace in world equity markets slowed down during the second quarter, with the FT-Actuaries World Index rising iess than 3 per cent after an advance of 6 per cent in the first three months of the vear. Losses in Japan and Hong Kong took the wind out of the world's

sails, although Europe and North America fought to keep on a forward course. Page 50

The lure Chicago cannot resist The Chicago Board of Trade has made four previous attempts to launch a successful mort-gage contract. And, with prices in a slump, now is probably not the best time to have

another go. But the potential for a mortgage-backed securities derivative is huge and untap-ped by an exchange product. Deborah Hargreaves reports on the CBT's latest foray into the field. Page 28

Bright picture for ITV investors

The shares of Thames
Television, the largest
ITV company, rose 29p
to close at 493p yesterday, following the news that it had been having exploratory talks with Carlton Communication about the possibility of a triendly Carlton take-over. Several other large ITV companies, including London Weekend Television and Central, also saw their shares move up - a reflection of the realisation that a number of strategic alliances are likely in the run-up to the auctioning of ITV franchises, writes Raymond Snoddy, Page 30

Market Statistics

Base lending rates Benchmark Govt bonds European options exch FT-A world indices FT int bond service Financial futures Foreign exchanges London recent issues

London share service London traded options
London tradel options
Money markets
New Int. bond issues
World commodity prices
World stock fixt indices

Companies in this section

30 Hawthorn Leslie 32 Hoffman-La Roche 32 ICI Cariton Comms Aiva Investment Tst American Barrick Apple Compute BOC Group Bond Corporation Carling O'Keefe Daeian Holding

Israel (Jack L.)
James Capel
Kone Corporation
Kwik – Fit Magnet Mazde Motor Nedlloyd Orbital Comms Owners Abroad Peel Holdings Really Useful Group Robert Bosch Russell (Alexander) Seab-Scania Saab-Scania Sears Roebuck Security Archives Davis (Godfrey) Dobson Park Inds Seibu Motor Dominion Inti Elgar Elect Corp FKB Fitch Lovell Fuller Smith Turner Gold Fleids of SA Thames TV The Limited Wal-Mart York Associates

Chief price changes yesterday | TRT | 1346 + 67.3 |
| Paullis | 4.5 - ... |
| Metalis | 762 - 37.1 |
| TOKYO (Yean) |
Pliance	1929 + 170	
Marical Warshad	1160 + 160	
Unical Optical	1330 + 120	
Faullis	1330 + 120	
Paullis	1330	1370 - 30
Messhin Kissa	2600 - 260	34 j

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5 Thanses TV
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51 Town Countre
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19 Saker Hearts
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COMPANIES & MARKETS

Friday July 7 1989



Siemens outlines management changes

By Haig Simonian in Frankfurt

SIEMENS, the West German electrical and electronics group currently involved in a disputed takeover hid for Plessey, the UK electronics group, yesterday announced details of its longawaited management reorganisa-

The changes come as part of a plan to increase the company's flexibility and transparency, par-ticularly with a view to international business, the company said.

From the start of Siemens's new business year on October 1, its management board is to

shrink from 27 to 21 members. Equally important, a new "central management board", comprising 10 key managing board members, will be established.

This new "inner cabinet" will

This new "inner cabinet" will concentrate on fundamental group strategic policy and supervision, said Siemens.

The changes at board level are accompanied by a thoroughgoing restructuring of Siemens's operating activities. The present seven operating divisions, the largest of which has annual sales of some DM10bn (\$5.1bn) a year, will be replaced by 15 smaller

ness branches.
Each of the 17 units will have its own managing board of between three and five directors, In all, there will be 48 managing directors for the 17 divisions, with nine of the executives also

sitting on Siemens's main manag-

siting on Siemens's main manag-ing board.

The largest of the new divi-sions will be for public communi-cations networks, with annual sales of around DMSbn, followed by industrial and building systems, and medical equipment and engineering.

The reorganisation, which follows a shake-up at head office last year, represents the most thorough attempt to date by Siemens, which had sales of DM59.3bn in the last business year, to improve flexibility and

management accountability.
The moves follow some years of criticism, from the stock market as well as within German business circles, that Siemens had grown into an immobile

In particular, the changes are designed to make the group more attuned to opportunities in the

world market, the company said. "The aim is to make us more international."
As a result, three of the 48 new

divisional directors are non-Ger-mans, with two from the US and one from Austria. Among other changes is the decision to remove central co-or-

dinating functions, like group finance from line management, and treat them as purely service sectors for group as a whole.

In tandem with General Electric of the UK, Siemens made a £1.7bn (\$2.7bn) takeover bid for the Plessey group late last year.

Developer Imry now plays bid

By Paul Cheeseright

LONDON'S newest and most reluctant theatre proprietor has emerged as the central character in its own City drama and is engaged in writing a play which could lead to its own demise.

Imry Merchant Developers, the UK £250m (\$400m) property group whose most famous asset is the Shakespearean Rose Theatre, yesterday acknowledged that it was the subject of a possible

In a statement which had an economy that Shakespeare would have envied, but a lack of elegance that would have distressed him, the company said it "has received an approach which may or may not lead to an offer being made for the whole of the issued share capital of Imry." The shares have been the

object of sporadic buying on bid hopes for months. But it was not clear where the approach was coming from. Guesses included the Far East, because Imry has a link with Nissho Iwai of Japan, and Mr Stefan Wingate, the property entrepreneur, because he might want another quoted property vehicle. Only English Heritage, protector of the nation's historic buildings, and the Rose Theatre Trust, guardian of the Bard's spirit, were ruled out. The Rose Theatre Trust has been at the forefront of a cam-

paign to safeguard and display the ruins of the Rose, which were discovered beneath an Imry development in Southwark, and has never been satisfied with Imry's plans to achieve the same

end.

Mr David Davies, the chairman of Imry, conceded that the offer talks had been going on for more than a couple of days. In the market, there is a general feeling that a deal is being worked out at around 625p a share. Yesterday the shares rose 47p to 581p.

This is the second bid approach auropared in the group. approach announced in the propsector this Arlington Securities in talks as well, bid fever is setting in, with much speculation about other likely merger candidates or bid

its sights all this year. Despite good annual figures, analysts were never convinced that the corporate marriage of March 1988 between the Imry Interna-tional of Mr Martin Myers and the City Merchant Developers of Mr Martin Lanudau worked.

Anybody buying Imry will

The market has had Imry in

One and one makes one

David Waller on the most popular sum for today's big accountants

Small is very definitely not beautiful in the world of accountancy. The international firms are scrabbling to jump into bed with one another and the "Big Eight" could soon be replaced by an Even Bigger

A bout of consolidation among the large firms seemed likely in the wake of the link-up between Ernst & Whinney and Arthur Young, voted through at the end of last month. But nothing like the merger mania of recent days. the merger mania of recent days.
Touche Ross and Deloitte Haskins & Sells are likely to
announce their engagement
today. Arthur Andersen and
Price Waterhouse have gone into
purdah for 60 days as they
attempt to tie the knot. The
industry is alive with gossip:
what does it all mean?
Of all the possible permutations of the firms, the PW/Andersen link-up is the most radical
and least expected. Although it
holds enormous commercial

holds enormous commercial promise, it is unlikely to take affect without extremely heated debate among the 4,600 partners ne two mm -AA and PW are very different - in terms of both commercial

profile and corporate culture. A strong argument for the merger is that the differences between their respective businesses means that overlap is minimal and synergy potentially great. On the other hand, the difference in cultures, between the Chicago-led, aggressive American approach adopted by Arthur Andersen and the classically British manner of PW - as much the auditor to the UK business establishment as Peat Marwick — could lead to insurmountable

Price Waterhouse has roots

going back to the middle of the last century. It was founded by one Edwin Waterhouse, a Nonconformist from a Liverpool family who went into partnership with Mr S.L. Price in 1865.

By 1907, Price Waterhouse had grown large enough to have an office in Chicago. This far-flung office employed Mr Arthur Andersan, a bright student who stayed with the firm for a few years before in 1913, setting up. years before, in 1913, setting up on his own.

Andersen's soccessors came to the UK only in 1957, later than any of the other firms which used to constitute the Big Eight. It has built its way up to being the sixth largest firm in Britain, but competitors would argue that a large body of the audit work Andersen does in this country comes from referrals from clients in the US, where the firm is very strong - and from consultancy. By any measure, Andersen is the world's largest management consultant, with revenues up by a third last year to \$1.12bn, compared with the \$743m Ernst & Young would have mustered had it been treather then DW somes a long way down the list, with revenues of \$385m. McKinsey, a well-known name in the consul-

tancy market generated \$620m of Andersen's predominance in this field comes not from any concentration on glamorous strategic management consultancy. from the very first days of the commercially applicable computer, Andersen has specialised on the information technology sector, writing the software which creates financial systems.

well-known name in the cons

In the UK last year, this part of Andersen's operations accounted for £60.5m (\$96.8m) out of its total turnover of £144m, while audit

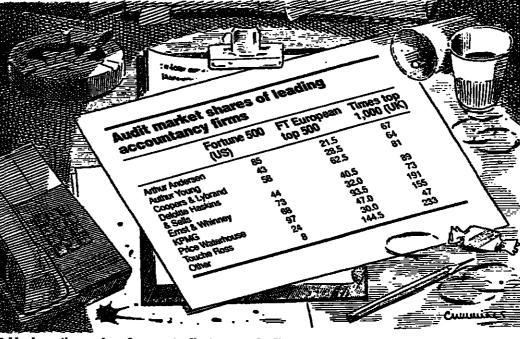


Table shows the number of corporate clients among leading companies

fees totalled only £43.2m. PW's andit fees amounted to £101m out of UK revenues of £222m. The commercial benefits of

putting the two firms together today could include:

Strength deriving from sheer size. The new firm would be by the far the biggest outfit in the world — with joint fee income of \$5.038bn against the \$4.244bn

earned by Ernst & Young. dovetailing of Andersen's might in consultancy with PW's presence in auditing. This is not to say that either are particularly weak in these areas: it is just that PW audits more "blue-chip" its around the world (170 out of the world's top 1000 compa-nies) than any other firm while Andersen's consulting strengths speak for themselves.

 Geographical benefits. For historical reasons, Andersen is bigger in the US than in continental Europe and the UK, where PW is firmly established after more than a century in practice. Such advantages are fine in theory. Some practical barriers to

 PW's unwillingness to be subjugated to the Arthur Andersen way of doing things. Of all the big firms, Andersen has the most distinct corporate identity. It projects itself as aggressive and more hard-working than its competitors, and pays its employees

more than anyone else as a mat-ter of principle.

• Andersen has always been the most internationally-minded of dards and work patterns dictated inflexibly from Chicago. It was the first to set up an international partnership, in Geneva more than a decade ago, and it is the only firm to calculate its partners' earnings on the basis of a share of world profits.

PW moved in that direction only last autumn with a restruct-uring modelled on Royal/Dutch Shell, the Anglo-Dutch oil giant which is one of PW's clients. Mr Joseph Connor was appointed chairman with a brief to make the firm more international. However, it is unlikely that he has vet made much impact on the basically federal nature of the

> When you're planning a new housing development,

working from reclaimed

national firms under the PW The Arthur Andersen partner-

ship is riven by the conflicting interests of the fast-growing, cap-ital-hungry consulting side and those of the slow-growing audit practice. These tensions came dramatically out into the open in October last year when four top consultants left to set up their own firm with the backing of Saatchi & Saatchi. In March this year there was a shake-up at the top of the firm when the senior partner stepped down along with his 18-man board. • Anti-trust problems: it is

ikely that competition authorities in Europe and the US will want to scrutinise the deal. No doubt, both firms will be remembering the events of 1984 when PW's UK partners very publicly blocked a global merger

with Deloittes. It remains to be seen whether the same desire for independence will prevail, or take on a property development programme costing about £860m. whether competitive pressure have become so great over the and an investment property portlast five years that the urge to merge will be irresistible. folio worth £282m.

ICI to spend £150m on chemicals plant in Taiwan

By Peter Marsh in London

FMPERIAL CHEMICAL Industries plans to spend £150m (\$230m) on a chemicals plant in Taiwan in a move which is the company's single biggest invest-ment for a decade.

chemicals group, fits in with the growing interest by Western chemicals companies in the Far East. According to ICI, the region total growth in the world chemi-

in 1991, is planned for a site on an existing industrial estate in north-west Taiwan. ICI has not identified the estate and does not

Almost all production of TPA from the plant, due to reach some 350,000 tonnes a year by the early 1990s, would be sold to local Taiwanese makers of polyester fibre which is predominantly used in clothing. ICI believes it essential to site the factory close to these big purchases.

the output of oil refineries, would be mainly obtained from chemi-cals suppliers in other Asian countries such as Indonesia ICI has a strong position in TPA manufacturing technology

and is the world's second bigg supplier after Amoco of the US, which is thought to account for about 40 per cent of the total supply.
The British company accounts for some 10 per cent of world TPA output with other large sup

pilers being Mitsubishi and Mitsui of Japan. ICI makes most of its TPA at its large chemicals complex on Teesside in the UK and also has a share in a TPA plant being built in Thailand. The group's investment in Taiwan is part of its strategy to double by 1995 the proportion of sales that it derives from the Far East. Last year the region, including Japan but excluding Australia and New Zealand accounted for only 8 per cent of

industrial land does have its advantages. You're starting with a clean slate - so you can pioneer new quality standards and inventive design values. Our concept for Tividale Quay was inspired by canals. It will feature a newly constructed canal basin and

create unique vistas across a landscaped green, to the restored and revitalised quay and canal frontage. And it will contribute some of the 2000 new homes destined for the Black Country by 1993. The area's retail and leisure

developments are showing equal imagination; a new multiscreen Showcase Cinema now complements

TIVIDALE HOUSING Successful the Habitat/Do It All plaza beside the M6.

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Name.	Position	
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Several large European and US chemicals groups, including BP Chemicals, Royal Dutch/Shell, countries. Raw material for the TPA plant, which is derived from

The plant, announced yesterday, is to make purified terephthalic acid (TPA), a raw material which has quickly become popular in the making of polyester fibre in recent years.

Taiwan, as a result of its rapidly expanding fibres industry, is the world's largest user of TPA, which is also used to make plastic bottles and film. It consumed last year some 1.2m tonnes of the material, worth \$900m - roughly a fifth of the total \$4.5bn world

TPA market.
The investment by ICI, which is Britain's higgest manufacturer and the world's fourth largest will account for 38 per cent of the cals industry over the next

Chemicals, Royal Dutch/Stein, Hoechst and Exxon are considering stepping up investments in the region. They are also trying to form stronger links with companies in the Far East in sectors such as cars, textiles and engineering which are hig users of chemicals. The ICI plant, due to start up

own the land where the factory is due to be built but says it is confident of reaching a deal with the land owner.

The group said yesterday it also envisaged selling some of

the material to neighbouring the company's £12hn revenues.

Telefonica buys into S America

By Peter Bruce in Madrid and Barbara Durr in Santlago

TELEFONICA, the Spanish pension fund. A number of Chiltelephone monopoly, has made its first major breakthrough in Latin America by bidding suc-cessfully yesterday to buy 10 per cent of Entel, the biggest Chilean ean pension funds already own 25 per cent of the telecoms business, and the Chase Manhattan Bank telecommunications transmissions business. Banco Santander, a Spanish

has a 12 per cent stake.

The Spanish telephone monopoly has been trying for more than two years to break into Latin American telecommunications commercial bank, also bought 10 per cent at an auction in the Santiago Stock Exchange. The and thus earn itself a place among international telecoms multinationals. It bid for control of the Chilean telephone monopoly, Compagnie de Telefonos de Chile, when it was privatised in two Spanish bidders each paid A further 2 per cent of Entel on offer was bought by a Chilean late 1987, but lost out to the Aus-

tralian businessman, Mr Alan It has also offered to pay some \$500m for 40 per cent of the Argentinian telephone monopoly which the outgoing Government had agreed to privatise. This deal has run into trouble, however, as the Peronist Government inwaiting originally opposed the

It seems likely that the Peron ists now will at least want to renegotiate the terms of the agreement reached between Bue-

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Swedish groups to set up London-based MBO unit

SKANDIA, Sweden's leading insurance group, and Svenska Handelsbanken, the country's second largest bank, are to establish a London-based finance company specialising in management buy-outs, focusing primarily on the Nor-dic area but also covering the European Community.

Mr Torsten Johansson, for Skandia, said yesterday: "The market has until now been underdeveloped in Sweden. But we see a lot of opportuni-ties in the Nordic region for management buy-outs.

The board of the new company will be appointed next month. The company will be registered in the UK and begin its activities in the early autumn. Skandia has already been involved in a number of management buy-outs, most

acquires

Starlift

in Helsinki

By Enrique Tessieri

about FM250m (\$58m).

Dutch lift company based

Voorburg with annual sales of

Starlift controls around one

third of the Dutch market, an

area where Kone is active.

Kone's Dutch operations have sales of about FM30m net.

Kone, which is run by the wealthy Finnish Herlin family,

has total net sales of about

FM6.1bn. As well as dominat-ing Nordic markets, the com-

pany is in the lift market in Italy. Through its acquisition of the Italian firms of Sabiem

in 1985 and Fiam in 1987, Kone

controls 30 per cent of the Italian lifts market with last year's

net sales there reaching

sharply last year, moving up from FM52,000 to FM345,000 on

a 10 per cent increase in turn-

per cent and performance gained from the absence of the

heavy restructuring costs felt

Order intake improved by 17

Kone's pre-tax profits rose

FM760m.

recently with Handelsbanken in the Nobel Chematur deal. Mr Robert Andreen, head of the mergers and acquisitions division at Handelsbanken, sald: "We can expect an increased interest in manage ment buy-outs, not least when companies in Sweden start to restructure themselves after the strong acquisitions wave of

Last month the bank estab-lished a UK-based development capital company aimed at investing £5m to £10m (\$8m to \$16m) over the next few years in privately owned companies. Skandia also announced yesterday that it was negotiating with Reinhold International the property company, about the purchase for SKr3bn

(\$462.9m) of properties in London, Madrid and Lisbon.

The stimulus for the company to acquire investments overseas stems from this week's abolition of foreign exchange controls in Sweden. Mr Lars Bergström, Skandia's legal adviser, said: "We see this as risk spreading. But the Swedish property market remains our main area of inter-

Skandia estimates that its property investments will increase by as much as SKr4bn, to SKr10bn, when its current projects have been completed, of which SKr4bn will be outside Sweden.

Yesterday's developments lengthen an already busy shopping list for Skandia. In March this year it acquired National Insurance and Guarantee Corporation, the London-based motor insurance business.

Kone Corp Saab car division hit by fall in US sales

By Robert Taylor

SAAB-SCANIA'S troubled car KONE Corporation, the division achieved a 2 per cent growth in world sales for the first six months of 1989, accord-Finnish lifts and crane-making group, has acquired Starlift, a ing to figures released yester-

day.
But the Swedish group continues to face severe difficulties in the highly competitive US market, with a 15 per cent drop in sales compared with the first half of 1988. The number of cars sold in the US fell from 18,858 to 16,025.

The company also revealed that the deteriorating US trend was continuing. During June Saab sold only 2,312 cars, down from 3,274 in June 1988. However, its car sales in

western Europe were encouraging - with a 20 per cent improvement in West Ger-

many, a 15 per cent increase in Italy and an 11 per cent gain in Britain. Sales in the home market improved by 6 per cent, contrasting to an 8 per cent industry-wide decline. Saab's 9000 model increased

sales by 22 per cent in the six months, lifting unit sales to Sales at West Germany's BMW motor group climbed by 21 per cent in the 1989 first half, to DM13.5hn (\$7.1bn) from

DM11.2bn a year earlier. Mr Eberhard von Künheim, chairman, told shareholders at yesterday's annual meeting that the company sold 272,000 cars in the period, a 20 per cent increase. He said BMW expected to sell more than 500,000

IFINT, the Luxembourg arm of Istituto Finanziario Industriale (IFI), the Agnelli family holding company, has bought an 18 per cent shareholding in Alisarda, the Italian airline, Reu-

Alisarda, which is controlled

Ifint takes 18% Alisarda stake

by the Aga Khan's family interests, did not disclose financial details of the transac-Ifint will have a representative on Alisarda's board. IFI owns a 23 per cent stake

American Barrick sues Capel over **Gold Fields**

By Clay Harris in London

AMERICAN Resources, the Canadian mining group, yesterday issued a writ against James Capel, the London stockbroker through which it built up a 4.9 per cent stake in Consolidated Gold Fields in 1986.

ABR said it was "claiming damages arising directly from James Capel's undisclosed dealings in shares of Consoli-dated Gold Fields at a time when James Capel was instructed by American Bar-rick to build a stake in Gold

Fields. In a statement last night, Capel said ABR was alleging that the broker allowed information about ABR's intentions to leak to salesmen and trad-ers dealing in Gold Fields shares and that the "improper use of this information" gener-ated profit and commission for the broker and resulted in a rise in the Gold Fields share December 5 1986.

ABR also alleged, Capel said, that the information had leaked outside the firm, "caus-ing rumours and speculation in Gold Fields shares."

Capel said all the allegations would be strongly defended. It operated a strict system of Chinese walls and had "no evidence whatsoever that any breach of security occurred." ABR knew, moreover, Capel said, that the broker dealt routinely in international mining shares for clients and on its own account.

It described as "scarcely credible" the allegation that its dealing and that of its chients had caused the Gold Fields share price rise since both had been net sellers.

Shell Spain boosts profit

SHELL SPAIN, the Spanish unit of the Anglo-Dutch Shell group, posted net profits of Pta5.3bn (\$44.3m) last year, up 141 per cent, AP-DJ reports.

July 1989

Last year's sales were Pta53.3bn, up 31 per cent. In the first half this year sales rose 22 per cent to Pta14.7bn and net profits jumped 81 per cent to Ptal,7bp.

Anglo United raises Coalite offer

By Ray Bashford in London

ANGLO UNITED, the British fuel distribution group, yester-day stepped up the pressure on Coalite with a revised takeover offer which values its diversified competitor at £478m

(\$764.8m). The cash offer has been increased from 425p to 475p a share. To add spice to the terms of the final bid. Coalite shareholders are also being offered a cash and share or a share and loan note alterna-

The Coalite board quickly rejected the new offer, respond-ing in a tone which underlined the deterioration in relations between the north Derbyshire neighbours since the hostile bid was launched in late

Mr Eric Varley, Coalite's chairman, said the revised offer was another attempt to "acquire Coalite on the cheap." He said that analysts from four leading securities firms had recently estimated the company had a value of between 500p and 600p and forecast that shareholders

that Coalite was a poorly managed company, involved in an excessively broad range of activities which were failing to generate sufficient returns. The terms of the alternative offer are 100 Coalite shares for 137 Anglo shares in addition to £412 cash or loan notes plus the same number of Anglo

shares. Coalite shareholders will be entitled to retain the proposed 11.25p a share final dividend.

Anglo shares firmed 5p to 57p yesterday while Coalite added 10p to 471p. Excluding the dividend consideration, the cash plus paper offer values each Coalite share at 490p. would ignore the offer.

Mr David McEtlain, Anglo's Coalite shares had an average closing price of 330p in Janu-

ary this year.
Under the takeover plan,
most activities peripheral to
Coalite's core faels and chemicals operations would be sold to help finance the highly

The core businesses would then be merged with Anglo's operations. The company expects to receive £200m from the as sales and, according to Mr McErlain, has already received expressions of interest about purchases.

Anglo, which is about one eight the size of Coalite in terms of market capitalisation, is financing the majority of the bid through a 6½-year £230m acquisition facility and a 1½-

year £200m bridging facility.
The bridging finance will be paid out of the proceeds from the asset disposals. The com-pany expects to complete the payment of this element of the

debt by March 1991. Anglo holds slightly more than 5 per cent of Coalite's capital, having started the attack with a stake of 22 per

Bosch lifts first-half turnover

By David Marsh in Bonn

German vehicle equipment and electricals group, boosted group turnover 9 per cent in real terms to DM14.8bn (\$7.8bn) in the first six months of 1989. compared with last year's

Mr Marcus Bierich, chairman, said yesterday that results this year would "not be worse" than in 1988. He projected this year's turnover at about DM30bn, against DM27.7bn in 1988.

Last year's net income fell to DM554m from DM825m in 1987, when profits were artificially increased by extraordinary proceeds following the sale of Bosch's 9.5 per cent stake in Borg-Warner, the US automo-

AUTOMOBILE Citroën, part of

the Peugeot motor group, plans to establish a Japanese com-

pany and is seeking an injec-tion of capital from its Japa-nese partners, Mazda Motor and Seibu Motor Sales, Reuter

The new company will aim to improve communication

between Citroën and the two

Japanese companies and to

carry out market research in

Mazda, which is due to sell

Citroën cars locally in Septem-

ber. was considering investing

in the Citroen Japanese unit, a

ROBERT BOSCH, the West tive and engineering company. After making allowance for this, Bosch's actual profits last year were above the 1987 level, Mr Bierich said. Operating profits in 1988 rose to DM2.2bn from DM1.74bn in 1987. Mr Bierich said a favourable

economic environment had given the group a better than expected start to 1989. Domestic sales rose 11 per cent com-pared with the first half last year, with foreign sales up 12

Fixed-asset investment was planned to grow to DM1.95bn this year from DM1.94bn. Thirty seven per cent of 1989's spending would be concentrated on foreign activities, against only 28 per cent.

Citroën to establish Japanese offshoot

Mazda spokesman said. Prior

to the Citroen agreement with Mazda, Seibu Motor was the

sole importer to Japan of

According to Selbu Motor, Citroen is expected to hold a stake in excess of 50 per cent

in the new Japanese unit, with capital participation by Mazda and Seibu Motor likely to be

Sales of Citroën cars in Japan totalled 2,417 in 1988, up

38 per cent from a year earlier.

In the first six months of 1989

sales climbed 24 per cent to 1,497, according to statistics

A faster expansion was expected next year, when Bosch aimed for 23 per cent growth in investment spending. As in 1988 and 1989, most spending would be concentrated on vehicle components. Mr Bierich said that last year's 9.1 per cent increase in the group's global turnover translated into a real increase of 8.3 per cent after taking

price and exchange rate changes into account. A 51 per cent share of sales

was accounted for abroad, against 50 per cent in 1987. Vehicle components showed 5.2 per cent sales increase to DM14.4br., while communications technology climbed 18.8 per cent to DM6.6bn.

from the Japan Automobile

The Peugeot group formed a

Japanese company, Peugeot Japon, in Tokyo earlier this

year to conduct sales promo-tion and market research.

(\$144,000) and is owned 52 per

cent by Peugeot and 24 per cent each by Suzuki Motor and

Austin Rover Japan, the Japa-

nese arm of the Rover group of the UK. Sales of Peugeot cars in Japan totalled 2,364 in 1938,

up 86 per cent. Sales more than

doubled to 1,914 in the first six months of this year.

It was capitalised at Y20m

Importers' Association.

buy German road haulier By Laura Rsun in Amsterdam

Nedlloyd to

NEDLLOYD, the Dutch shipping and transport group, plans to acquire Union-Transport, one of West Germany's biggest road haulage compa-

Union-Transport, based in Düsseldorf, has a turnover of Fl 1.3bn (\$620m) and 4,300 employees. It engages in national and international road haulage, intercontinental and airfreight forwarding, storage and distribution. It has a fleet of 375 lorries and 900 delivery vans, as well as more than 170,000 square metres of stor-

Nedfloyd refused to disclose the purchase price yesterday, although Mr Philip Verhulst, managing director of transport and distribution, said that pay-ment would be in cash. No equity issue would be needed

to finance the deal, he said.
"This is decisive for the build-up of our whole European activities," he explained. The acquisition will boost Nedlloyd's turnover by 26 per cent and promote it to become one of Europe's top five road trans-

port companies. Nedfloyd aims to develop a European network in transport, storage and distribution, to sit alongside its worldwide shipping activities, which spe-cialise in container traffic.

The securities referred to below have not been registered under the United States Securities Act of 1933, as amended, and may not be offered, sold or delivered directly or indirectly in the United States of America or to United States persons. These sceurities having been sold, this announcement appears as a matter of record only.

Nationale-Nederlanden U.S. Holdings, Inc.

(Incorporated in the State of Delaware, United States of America)

ECU 100,000,000 9 per cent. Guaranteed Notes due 1994

Unconditionally and Irrevocably Guaranteed by



Nationale-Nederlanden N.V.

(Incorporated in the Netherlands)

Bankers Trust International Limited

Algemene Bank Nederland N.V. Bank Brussel Lambert N.V. Swiss Bank Corporation

Amsterdam-Rotterdam Bank N.V. UBS Phillips & Drew Securities Limited

Amstgeld N.V.

Banque Générale du Luxembourg S.A. Fuji International Finance Limited Kredietbank International Group

Van Haften & Co N.V. Julius Baer International Limited HandelsBank NatWest

Merrill Lynch International Limited

Bank Mees & Hope NV Crédit Lyonnais Generale Bank

Nederlandsche Middenstandsbank nv Westdeutsche Landesbank Girozentzale

Bank J. Vontobel & Co. AG Lombard, Odier International Underwriters S.A.

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue



Barclays Bank PLC

7,350,000 American Depositary Shares, Series B Representing 7,350,000 Non-cumulative Dollar-denominated Preference Shares, Series B (Nominal value of \$.01 each)

Merrill Lynch Capital Markets

Goldman, Sachs & Co.

Shearson Lehman Hutton Inc.

Kidder, Peabody & Co.

Morgan Stanley & Co.

Keefe, Bruyette & Woods, Inc.

Smith Barney, Harris Upham & Co.

The First Boston Corporation

Salomon Brothers Inc

Bear, Stearns & Co. Inc.

Wertheim Schroder & Co.

PaineWebber Incorporated Prudential-Bache Capital Funding Dean Witter Reynolds Inc.

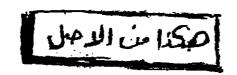
Advest, Inc. Blunt Eliis & Loewi J. C. Bradford & Co. Dain Bosworth A. G. Edwards & Sons, Inc. Legg Mason Wood Walker

McDonald & Company

Piper, Jaffray & Hopwood

The Robinson-Humphrey Company, Inc. Rodman & Renshaw, Inc. Wheat, First Securities, Inc.

Donaldson, Lufkin & Jenrette



Group Precious Metal Mining Companies' Reports for the quarter ended 30 June 1989

Driefontein Consolidated

Driefontein Consolidated Limited. (Registation No. 68/04880/06)

A CONTROL OF THE PARTY OF THE P

laulie

The Same of Control of

•

					Quanter ended 30 June 1909	ended 31 Merch	
PERATIN	G RESULT	S			1707	1303	. 1969
	ni Delefo						_
One mi	led (t) .				. 720 000	720 000	2 890 000
	oduced (k	g)			6 192,1	7 704,0	30 275,2
Yield (g		<u>.</u> - •			. 8,6	10,7	10,5
	Celved (R/			-	32 113	<i>31 205</i>	32 565
Cost	(R/t mille (R/t mille		- •	•	276,55	334,38	30,68
	•		• •	•	123,05	157,26	117.83
Profe.	(R/t mille	d)	- . •	•	155.50	217,12	223,85
	(ROOO).				. 199 119	240 755	967 463
Cost	(RD00).		- •		88 599	81 432	340 539
Profit	(2000).				110 520	156 323	616 921
Gold - W	est Drief	ortein					
Ose mil					705 000	705 000	2 803 000
Gold po	oduced (lq	g)			7 050,0	7 191,0	27 893,7
Yield (g				٠.	18,0	10,2	10,0
	ceived (R/I	_			31 996	<i>31 230</i>	32 40 5
	(R/t mille				320,41	319,07	322,98
Cost	(R/t mille	4)	٠.	• •	144,92	140,05	141,79
Profit	(R/t mille	a). .	٠.		175.49	179,04	181,19
Revenue	(ROOO).				225 889	224 947	905 313
Cost	(ROOO).				102 170	98 722	397 444
Profit	(ROOO).				123 719	126 225	507 969
NANCIAL	RESULTS	(R000)					ς .
Working of Profit on s			حانه		234 239	282 548	1 154 758
	buric Acid				282	358	208
Tabone 10				: :	1 674	186	1 804
Net mining	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				235 595	202 440	1 156 805
Recovery o			insan	300		4 000	4 720
Net sundry					25 756	29 532	96 376
•		•					
Profit befo	C DE 200	300E 5 S		OF	261 351	R16 674	1 257 901
Tax and S	ate's share	of paol	Ŀ.,	• •	113 189	163 747	666 324
Profit aft	or the pro-	a general	'a al-	···			
of prof				• •	148 162	152 927	991 577
Capital exp Dividend .				٠.	60 494 244 806	50 242	211 170 408 000
APITAL E	CENDU.	DB. T			nded beleace	of anthod:	-
penditure a							

SHAFTS

No. 5 Sub-Versical Shaft-E. The station on 48 Level was excessived and lined and development to the water pass position completed. The shaft was sunk a further 36 metres to a depth of 1 376 metres below the collar. No. 1 Territory Shaft-E. Civil work is in progress in the winder chaliping and lining of the headgest continues. WEST DRIEFORTEIN

No. 9 Sub-Vertical Shaft-W. The excausion of one of three winder chambers on 21 Level and of the platform winder chamber on 22 Level has ONE RESERVES AT 30 JUNE 1909. The detailed one reserves will be published, in the anough report. At the prevailing pay limbs the reserves are as follows: East Deicfontein (Psy limit 5,0 g/t)

	· . [<u> </u>	STOPE	
Charification	Tons	Width (cm)	10altre (g/1)	cmg/t
Ventersdorp Contact Reef Carbon Leader Main Reef	4 228 000 1 082 000 697 000	168 ⁻ 156 155	16,1 8,6 5,9	2.705 1.542 914
Total and averages	6 007 000	164	13,6	2 250
West Delefiontein (Psy lin		STOPE		
Classification	Tons	With	Value	cn.g/t
	<u> </u>	<u>(ca)</u>	(g/t)	↓
Carbon Leader Vensendorp Contact Reef Main Reef Erosion Channel	1 922 000 2 223 000 1 417 000 440 000	111 189 131 115	25.5 11.2 8.7 16.6	2 608 2 117 1 140 1 909
Total and averages	6 002 000	137	. 149	2 041
		On be	half of the b	osed Director

Northam

Northing Platinum Limited (Registration No. 77/03282/06) ISSUED CAPITAL: 28 800 000 shares of 1 cent each, fully paid.

	Quarter ended 30 hate 1989	Quater ended 31 March 1989	- Year ended 40 Juns 1989
Pre-production Mine		;	
	41 974 3 989	29 047 4 741	140 694 . 14 562
	37 094	21 526	126 720
All moone and expenditure has been car development expenditure. CAPITAL EXPENSITIONS. The toespend expenditure at 30 June 1989 was 1712,1 mills	ed believe		
SEATIS			
ZONDEREUNDE		سام معرضات	

No. 1 Shaft-Z. The shaft was sunk 28 menes to a depth of 1 654 menes below collar. The station on 6 Level and the development to the waste past position were

No. 2 Shaft-Z. On 8 Level the station, water settler, and seef and water belt cross-cuts were completed. The water pass between 4, 5 and 6 Levels was raisebored. The staff was sank 45 means to a depth of 1 742 means below color. The Meteosky Roef was initially intersected in the shaft and later, trigether with the UG2 Reef, on 8 Level. Copies of the results which were published in the pass, are switched on request. switchie on request.

The second permanent winder was commissioned.

METALLEMERCAL PLANT. Work continues on the erection of the base mend sentent building and on the saidler.

On behalf of the board

A. J. Weight

M. J. Tagg 6 July 1989

Vlakfontein Visitionzein Gold Mining Company Limited (Registration No. 05/06155/06)

ISSUED CAPITAL: 6 800 000 shapes of 20 cents each, fully paid.

OPERATING RESILTS (Loss)/profix (E/x milled) . . . (2,17) (16.62)

0.94 Total milled (t) 168 547 170 599 681 748 171.3 1,0 31 056 671,6 1,0 32 228 (Loss)/psolit (R/t millett) ____(1_13) _____144 Revenue (R000) 4 688 Cost (R000) 4 879 5 ±32 5 087 PRINANCIAL RESULTS (2000)
Working (loss)/profix Gold
Net sundry revenue
(Loss)/profit before tex (233) 1 849

(a) The unexpended balance of authorised capital expenditure at 30 June 1989

 was R2,5 million.

DIVIDEND. The Bost dividend was passed ORE RESERVES AT 30 JUNE 1989. The detailed one reserves will be published

	i	STOPE				
Classification	Tons	Width (cm)	Value (g/t)	cmg/t		
May Reef	32,000	80	63	504		

Venterspost

Venterspost Gold Mining Company Limited (Registration No. 05/05632/06)

ISSUED CAPITAL 20 200 000 ordinary shares of 25 cents each, first paid.
4 800 000 deferred ordinary shares of 25 cents each, fully paid.

summer: 255 metres to \$52 metres.

ONE MISSENVES AT 30 JUNE 1969. The detailed are reserves will be published in the atomal report. At the providing pay limit of 4,8 grams per son the reserves are say follows:

6 July 1989

OPERATING RESULTS

Gold produced (kg)
Gold produced (kg)
Yield (g/t).
Price received (k/kg).
Revenue (k/k milled)
Cost (k/k milled)

Revenue (ROOO)............ (Loss)/pmfr (R000)

Main Reef. 4 274 000 Ventesdorp Contact Reef 1 164 000 Ubsnon Reef 25 000

Total and specages . . 5 461 000

6 July 1989 . . .

PRESIDENT PRESIDENT (ROOM)

} Directour

412 000 420 000 1 642 000 1 326,4 1 559,8 6 026,0 3,7 3,7 3,7 3,7 31 952 31 331 52 466 118,57 116,58 119,56 119,00 112,16 113,19

(0,43) 4,42 6,37 48,850 48,963 196,319 49,028 47,107 195,833

(178) 1 856 10 466

Value (g/t)

5,5 6,3 10,4

On behalf-of the board

5,7 815

143

ong/t

3 498 16 206 751 2 896

Libanon on Gold Mining Company Limited (Regimation No. 05/08381/06)

	Quarter ended 30 June 1989	Quanter ended 31 March 1989	Year ended 30 June 1989
PERATING RESULTS			
Gold			
One stilled (t)	435 900	435 000	1 740 000
Gold produced (kg)	1 740,0	1 783,5	7 277,5
Yield (g/r)	4,6	4.7	4,1
Price received (R/leg)	31 899	31 296	JP 406
Revenue (R/t solled)	127,83	128,54	133,91
Cost (R/t milled)	127,12	11863	118,59
Profit (R/t milled)	0,71	9,91	15,32
Revenue (ROOO)	55 605	55 917	233 018
Cost (19000)	55 297	51 608	206 154
Profix (9000)	308	4 309	26 664
ENANCIAL MESULTS (RECO)			
Working profit: Gold	308	4 309	26 664
Net sundry revenue	1 886	2 208	7 589
Profit before tex and State's shape of			
profit	2 194	6517	34 253
Tax and State's share of profit	744	-08	3 842
Profit after tax and State's share			
of profit	1 450	6079	30 411
Capital expenditure	7 533	6.360	27 003
Dividend	8 500	-	16 000
APITAL EXPENDITURE. The unexpent spenditure at 30 June 1989 was R\$9,8 milks		of authoris	ed capital
NVEDEND. A dividend (No. 77) of 20 cents 989, psyable to members on or about 9 Au		as declared o	n 13 june

		L	STOPE			
Classification	Tons	Width (cm)	Value (g/t)	cmg/		
Mala Reef Venecsdoop Contact Reef Kloof Reef Libanon Beef	1 356 000 92 000 449 000 28 000	148 147 228 163	62 265 65 69	918 3 896 1 482 1 125		
Total and averages	1 925 000	162	7,2	1 166		

On behalf of the board 6 July 1989

Doornfontein

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

Docenfontein Gold Mining Company Limited (Registration No. 05/24709/06)

	Quarter	Quarter	Year ended
	30 June		30 June
	1989	1999	1999
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	390 000	1 512 000
Gold produced (kg)	1 949,6	1 990.0	75743
Yield (g/t)	5,0	5,0	5.0
Price received (R/kg)	32 026	31 284	32 358
Revenue (R/t milled)	169,26	156.64	16233
Cost (12/t milled)	150,60	148,07	150,19
Profit (R/t milled)			
Profit (R/t milled)	9,66	257	<u> 1214</u>
Revenue (ROOO).	62 502	61 089	245 450
Cost (R000)	58 733	57 746	227 087
Profit (9000)	3 769	336	18 361
• • • • • • • • • • • • • • • • • • • •			
FINANCIAL RESULTS (R000)			
Working profit: Gold	3 7 69	333	18 363
Net sundry revenue	2 146	2 215	7 990
Profit before tax and State's share of			
profit	5 915	<i>5 5</i> 58	25 953
Tax and State's share of profit	1 308	891	3 931
Profit after tax and State's share	4 607	46-	***
of profit	4 607	4 677	_ 22 022
Copied expenditure	12 829	5 974	31 385
Dividend	2 000	_	6 000
CAPITAL EXPENDITURE. The unexpend	ded balance	of authoris	ed cantral
expenditure at 30 June 1989 was 877,0 mills			

DIVIDIEND. A dividend (No. 65) of 5 cens per share was declared on 13 June 1989, payable to members on or about 9 August 1989. CHECK EXISTENCES AT 30 JUNE 1989. The detailed one reserves will be published in the manual report. At the prevailing pay limit of 5,8 grams per son the reserves are as follows:

			STOPE	
Classification	Tons	Width (cm)	Value (g/t)	cang/t
Carbon Leader Main Reef	1 998 000 1 674 000	114 115	7,8 7,0	889 805
Yotal and averages	3 672 000	225	7.4	851

A. J. Wright M. J. Tagg Directors

OF SOUTH AFRICA LIMITED

Kloof

Eloof Gold Mining Company I (Registration No. 64/04462/06) ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid

Quanter	CARRIEL	1427
		caucul
30 June	31 Aluch	N Aux
1989	1441	1.337
	•	
E40 000	540 000	2 800 000
		2" / "
		150
	57 _~40	ζ, H,
382,97	35,140	4414.03
191.52	173.10	17.0
191,45	1147,11	74.
		NA1 700
105 422	50 1 (F)	3.01.010
105,583	7/47	572 840
102 252	2017W	412 440
0.000	- a a u	מור ייב
110 010	Ho sea	540 200
4 33E		93 000
_		
	132 414	
201710	מימונה	46 1
75 040	67.644	439 76
	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
75 713		141 -
_	190.5	35 425
	ended 30 June	### ##################################

was 1833.0 million.

(b) Incheded in the total of capital expenditure for the quarter ended 30 June 1989 is an amount of RS1,4 million in respect of Lecudoum.

DIVIDENDA A divideod (No. 39) of 67 cents per share was declared on 13 June 1989, payable to members on or about 9 August 1989.

DERENTURIES, A final call of R13,00 per debenture was made on the holders of the partly paid timectured conventible debentures and fell due on 3 July 1989.

No. 1 Shaft-L. A total of 1 0% metres of spelwork was installed during the quarter. Equipping operations have now progressed from shaft huttom to a position 820 metres below coller. No. 1 Smb-Verstical Shaft. The shaft was sank 106 metres to 2 depth of 211 netres below the collar. Erection of the stage winder is in progress and the oundations for the man winder are being established. ORE RESERVES AT 30 JUNE 1989. The detailed one test

Classification.			STOPE	
	Toos	Width (cm)	Value (g/t)	Cang/C
Ventersdorp Contact Reef Kloof Reef Libanon Reef	4 068 000 247 000 20 000	154 199 151	20,4 9,2 7,4	3 142 2 831 1 117
Total कार्य क्रम्टाक्क्स	4 335 000	156	19,7	3 073

Deelkraal

Deelkraal Gold Mining Company Limited. (Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid OPERATING RESULTS

| PRIMATING MESSULES | Gold | GOS 000 | GOS 00 FINANCIAL RESULTS (ROOD) Working profit: Gold 34 762 40 889 164 133 Net sundry revenue 5 053 4 819 16 403 Profit before tax and State's share of CAPITAL EXPERIBITURE. The unexpended balance of authorised capital expenditure at 30 June 1989 was R269,6 million.

DEVEDEND. A dividend (No. 13) of 50 cents per share was declared on 13 june 1989, payable to members on or about 9 August 1989.

The shaft was sunk 152 metres to a depth of 463 metres below collar. Progress is being hampered by the intersection of water bearing fissures. ORE RESERVES AT 30 JUNE 1989. The detailed one reserves will be published in the annual report, At the prevailing pay limit of 4,0 grams per son the reserves are as follows:

			STOPE	
Classification	Tons	Width (cm)	Value (g. t)	cm g t
Ventersdorp Contact Reef Declarati Reef.	2 280 000 341 000	146 175	7,5 5,3	1 095 928
Total and averages	2 621 000	150	7,2	1 080

Directors 6 July 1989

Copies may be obtained from the United Kingdom Registrar. Hill Samuel Registrars Limited, 6 Greencoat Place, London, SWIP 1PL

international companies and finance

Canada approves merger of Molson and Carling

Ey Robert Gibbens in Montreal

THE PLANNED merger of the Canadian-based brewing operations of Molson Companies and Elders IXL, the parent of Carling O'Keefe of Canada. has been approved by the Federal Competition Bureau, the country's anti-trust body.

After six months' study, the bureau found that the merger. which will create the largest hrewer in Canada, was not a threat to competition in general. However, it expressed some concern about Alberta and Quebec. The merger is a key move in the Australian Elders' North American strat-

Competitive forces will be maintained by more liberal rules for the import of lower-priced US beer and the pres-

THE BUSINESS empire of Mr Alan Bond, the besieged Aus-

tralian entrepreneur, was

looking even shakier yesterday

after shares in his companies

succumbed to further selling

Corporation slithered to 64

cents, down 8 cents on the day, having at one stage touched 56

cents, its lowest in several

years. On Wednesday they had

Early last week Bond Corporation shares were still above A\$1, already more than halved

from their 1988 high of A\$2.35.

The fall is being matched by other companies in the Bond

stable, for example Bell Resources, which at 62 cents was down 10 cents.

their suspected role in encour-aging Mr Bond's gambits, are

said to be growing increasingly

nervous about the group's

THE BOND empire was accused in the High Court in

London yesterday of "rewriting

history" in a statement about the ownership of about 76m

shares in Lourho, the interna-

tional trading conglomerate.

Mr William Stubbs, QC, for

Lonrbo, said that initially it

had been said that the shares

had been purchased by Bond Corporation Holdings and/or its wholly-owned subsidiary,

Then Lonrho had been told that there had been a mistake

and that the buyer had in fact

been a company in the Bell Group, in which Mr Alan Bond

dictory stories and one does not know which is the truth,"

Mr Stubbs told Vice-Chancellor

Sir Nicolas Wilkinson, the

"Lonrho has had two contra-

has a controlling interest.

The group's bankers, despite

Shares in the flagship Bond

on Australian stock markets.

ence of strong regional brands in most provinces.

The new, enlarged Molson Breweries will account for just over 50 per cent of the domes-tic market, against about 40 per cent for rival John Labatt, which until last January was the number one brewer.

Molson Breweries will also become number two among imports into the US. Both Molson and Labatt, facing a stag-nant domestic market, have been trying to increase busi-ness in the US and Europe by acquisition and licensing

arrangements.
The merged company will now proceed with a rationalisation programme in Canada. It will close several smaller breweries and about 1,400 jobs will

Bond stock succumbs to selling

A programme of asset sales

has hit snags, as has the grand

plan to restructure the group through the sale of Bond Cor-

pcration's brewery business to

Bell Resources for A\$3.5bn (US\$2.7bn). Equally damaging

was last month's finding by

the Australian Broadcasting Tribunal that Mr Bond was not

"fit and proper" to hold a

broadcasting licence.
Other troubles include the

late payment of dividends, the

revelation of A\$900m in loans

by Bell Resources to associated

companies including Bond Cor-

poration, the failure of Bond Corporation to repay on time a loan from its Hong Kong unit, and a technical default on a

debt payment by the Heileman

brewing operation in the US.
It was announced in Hong

Kong yesterday that the HK\$270m (US\$34.6m) overdue

to the locally listed Bond Cor-

Court told of 'rewritten history'

senior judge of the High Court

Mr Stubbs said that when he

comes to cross-examining Bond

witnesses - who are expected

to include Mr Bond himself -

he will try to establish that the first story had been the correct

one and that the later state-

ment that Bell had bought the

shares had been a rewriting of

Lonrho claims that there is

Bell was the purchaser.
If, however, it transpired

that Bell had in fact been the

purchaser, Lonrho would argue that Bond representatives in

Australia had displayed a high

degree of irresponsibility in

not correcting as soon as possi-ble the market misapprehen-

sion that the shares had been

bought by Bond Corporation

Chancery Division.

have eroded confidence

By Chris Sherwell in Sydney and Michael Marray in Hong Kong

capacity to repay its enormous debts. Further blows over the past two months poration International (BCIL) had now been repaid. At the same time BCIL declared a sec-

By Raymond Hughes, Law Courts Correspondent

go, mainly through attrition and early retirement.

The company expects to reduce costs to near-American levels by concentrating produc-tion in Canadian super-breweries which will serve both Canadian and international markets.

The Competition Bureau requires Molson to improve termination and early retirement arrangements and retraining programmes. The bureau will monitor competition across the country, particularly in Alberta and Quebec, for three years.

The merger has to be approved by investment Can-ada's review because of Carling's Australian ownership, but problems are not expected.

ond special dividend arising

from the recently completed disposal of the territory's Bond Centre office building, channelling a further HK\$353m cash to its 66 per cent parent.

BCIL acknowledged that the

large dividend payouts would defer decisions on its own future role, perhaps as a global

property vehicle.
According to one analyst yesterday, the future of the

whole group still remains "hard to call." If Mr Bond could quickly finalise some

large asset sales, even with losses, sentiment might turn round, he said. The alternative

eemed to be the liquidator.

Broking analysts are negative about the group, having given up studying it because they saw little in its prospects to recommend to institutional

clients. Yesterday even Merrill

Lynch, one of the most recent

enthusiasts, lowered its

equity opinion" on the group

for the second time, to the "high risk" category.

Holdings, Mr Stubbs said.

He said Lonrho would not

pursue its allegation that there

had been a deliberate intention to mislead in relation to the

ownership of the 76m shares.

Lonrho is asking the court to freeze 114m of its shares on the

ground that Bond did not give

correct answers when Lonrho sought information about the

ownership of its share through

notices issued under section

In September and October last year Bond interests bought

21.5 per cent of the equity - in four tranches. Two bonus issues have increased the hold-

ing to 114m. The dispute

relates principally to the 76m shares in the last three

The hearing continues today.

a total of 95m Lonrho shares

stake in software

By Louise Kehoe in San Francisco

company

APPLE Computer announced yesterday that it is to sell its 16.4 per cent stake in Adobe Systems, the leading provider of text font software that enables computers to display and print text in different font styles and sizes.

Apple also said that it was developing its own alternative to the Adobe programs which it currently licenses for use on the Macintosh personal computers and laser printers. It added that it will gradually phase out its purchases from

Apple acquired almost 3.5m shares in Adobe in November shares in Adobe in November 1984 for about \$2.5m in con-nection with a product devel-opment agreement. Based on the price of Adobe stock on June 30, Apple said that the shares are now valued at

about \$91m.
However, Adobe's stock price fell sharply yesterday, from a Wednesday close of \$265, to a low of \$2215. The stock price recovered in heavy trading to \$244, at mid-day, putting the current value of Apple's holding at about \$84m.

Apple Computer's stock price rose from \$40½ to \$41¼.

"We are selling the shares principally to take advantage of the significant appreciation in Adobe stock that has president from Adobe's succession. resulted from Adobe's suc-cess," said Albert Eisenstat, senior vice president and sec-

retary of Apple.

The timing of the sale has also been influenced by Apple's development pro-gramme of products that are competitive with those of Adobe, he added. The first of these software products will be available next year, said

the company.

Apple said it would be sell-Apple said it would be sell-ing the Adobe shares to Mor-gan Stanley and Hambrecht & Quist for resale to the public in an underwritten offering. Apple is Adobe Systems' largest investor and customer.
Adobe Systems said, however, that the percentage of its total revenue represented by Apple Computer had declined

over the past three years.

Apple accounted for 84 per cent of Adobe's sales in 1986 but only 33 per cent in fiscal 1988, the software company

Rice wine moves into California

GEKKEIKAN Sake, a leading says it is to join two other Javanese companies to estab-lish a joint venture in California to make sake in the US,

AP-DJ reports. Gekkeikan said that the new company, Gekkeikan Sake (USA), would be set up in Fol-som near Sacramento this month, and aims to start production in 1990.

Apple to sell Gold production cuts hit GFSA

LOWER GOLD production and higher costs combined to eliminate the advantages of slightly higher gold prices for the mines of the Gold Fields of South Africa (GFSA) group during the June quarter.

The future ownership of the group is in question, following the acceptance this week by Consolidated Gold Fields of the UK, which controls 88 per cent of GFSA, of a \$3.5bn (\$5.7bn) bid from Hanson - which is likely to sell many Gold Fields

Announcing its mine results

in Johannesburg yesterday, GFSA officials would say noth-ing about the takeover, nor whether GFSA and its Driefon-tein Consolidated subsidiary would accept the Hanson bid for the 7.5 per cent cross-hold-ing in Gold Fields that they jointly control.

Gold production dropped by per cent from the March quarter's level, largely because of lower recovery grades at the east section of the Driefontein

GFSA GCLD QUARTZRLIES Gold produced After-tex profit Mar 89 Jun 89 2,633 1,950 14,895 6,289 1,784 1,560 267 36.4 4.6 148.2 107.7 1.5 40.8 1,950 13,242 83.7 6.1 2.7 (0.3) Earnings per share culculated after tax and capital expenditure. Parentheses = loss

Consolidated mine. Working costs rose by 5 per cent on the quarter. Drie Cons's grade dropped as the values of grades in the central part of the east section suddenly fell.

Mr Allan Wright, managing director of the group's gold division, believes that the section's grade will remain at its latest 8.6 grams per tonne (g/t) for the next six months before new stopes - working faces -are opened and grade again rises to between 10 g/t and 11

Kloof, the second largest of the GFSA mines, has been badly affected by seismic activity and loss of working faces due to accompanying rock fails. This has forced the mine to increase development rates, open addi-tional stopes and strengthen

supports underground.

Kloof's capital expenditure is expected to be higher than the R329m (\$121m) of the past 12 months, with increased spending on shaft sinking and devel-

opment at the new Leeudoorn section of the Kloof mine. Greater use of timber has also raised Libanon's costs. The mine is opening new areas and needed to refurbish old haulages to give access to

them. Venterspost has started sink-ing the shaft to open its new mining area and expects heavy

capital spending for a few Ore production was affected by a fire at the mine in June and, Mr Wright warns, produc-

tion losses are continuing into this month. Deelkraal expects to start paying formula mining tax during the present quarter. Its period of mining higher grades has ended and gold recovery dropped to 6 g/t in the June quarter, which Mr Wright believes should be sustainable.

Doornfontein is continuing area develop its new mining area.

to develop its new mining area in the south of the property. Its capital spending is still greater than the profits it generates.

US retailers show flat sales

By Anatole Kaletsky in New York

THE BIG US retailing chains experienced indifferent sales growth in June, with many of the stores groups reporting declines in underlying revenues, after accounting for inflation.

However, specialty fashion retailers, like Gap and The Limited, appeared to do much better than general merchan-dise stores, continuing a pat-tern of recovery from the disappointing 1988 fashion season.

The June sales figures were roughly in line with market expectations and left most of the retailing shares flat or slightly up in moderate trading

on Wall Street. But the indications of lack-lustre retail demand, combined with the weak figures on car sales announced in Detroit on Wednesday, exacerbated the pessimism on Wall Street about the forthcoming quarterly results from many consumer-oriented companies.

Sears Roebuck, the biggest US retailer, announced that June revenues were up by only 2.9 per cent to \$3.1bn. Sales from stores which had been open for a year or more, known as comparable store sales, because they give a better indi-cation of underlying sales trends, increased by 3.6 per

Mr Samuel Liss, an analyst

at Salomon Brothers, said sales of domestic goods were partic-ularly weak and Sears' results indicated a general weakness in durable goods demand in the economy. At K mart, the second larg-

est US retailer, comparable store sales increased by only 2.3 per cent, while total sales were up 5.7 per cent. J.C. Penney announced a comparable stores increase of 4.8 per cent. Among the big general merchandisers only Wal-Mart, the rapidly growing discount group based in Arkansas, reported a comparable store advance significantly above the rate of inflation. Its comparable store sales increased by 10 per cent, while total sales grew by 25 per cent. But even these figures were considerably lower than Wal-Mart's historic

growth rate. Some of the fashion retailers did better, with Gap reporting a 13 per cent advance in com-parable store sales and a 23 per cent gain in total sales.

Comparable stores sales at The Limited increased by 12 per cent and total sales gained Analysts noted, however,

that these comparisons were made against the disappointing results of the last summer season, when women rejected the short skirts and other new fashion items, leaving the specialist retailers with huge excess inventories and big

Roche loses acne drug case in US

By Roderick Oram in New York

HOFFMANN-LA ROCHE, the Swiss pharmaceuticals group, has lost its first US court case involving its controversial

acne drug, Accutane.

A Mississippi jury awarded almost \$1m in damages to a woman for medical complications she suffered while being treated for a skin disorder with the drug. The US subsidiary of Hoffmann-La Roche said it was

considering its options, including a possible appeal.

Earlier cases were settled out of court, dismissed or won by the company. Some 30 more cases are still pending, Hoff-mann-La Roche said.

The company has gone to unusual lengths to safeguard against Accutane being used by women who are pregnant or might become pregnant during the treatment. Accutane has been linked to severe, some-times fatal, birth defects since it was approved in 1982 for use in the US to treat cystic acne. In the Mississippi case, Ms Mary Kathryn Thomas was prescribed Accutane in 1984 for acne rosacea. She subsequently suffered headaches, coma-like seizures and other disorders

which led to hospitalisation. Seizures have been reported by some users of Accutane but Hoffmann-La Roche said there was no link between the two. Moreover, the drug should

Ms Thomas's form of acne. Her lawyers argued, though that the company was liable because its warnings were inadequate for doctors to make a decision about the applicabil-

ty of the drug. Skin specialists opinions of the drug differ sharply. Some

Air Canada issue at discount

because of the high cost

The underwriting group, led

by RBC Dominion Securities

and Wood Gundy, has already bought the Government's block

and is reselling the shares to

sold 31m new shares to the

public at \$8 a share. The

port the company's C\$2bn re-equipment programme.

acquired by Canadian Interna-

Since then Wardair has been

Last autumn Air Canada

By Robert Gibbens

THE Canadian Government expects to sell its 55 per cent holding in Air Canada, the national airline, for nearly C\$500m (US\$420m). The price for the issue - the

second part of the Govern-ment's sell-off due in the next two weeks will be C\$12 a share, or a discount of 25 cents a share from the market level on

The airline's stock has traded near a high of C\$14 a share this year. The Government is selling 41.1m shares, the proceeds of which will go to its consoli-

dated revenue fund. About one-quarter of the shares will be offered abroad, mainly in Europe. The issue

was not registered in the US

tional Air Lines, thus reducing the disastrons domestic competition of 1988.

involved.

the public.

Air Canada earned C\$96m on revenues of C\$3.4bn last year. Despite a 1989 first-quarter loss, profits for the whole year

JULY 1989

tially higher than in 1988.

Olympia and York, a Canadian real estate developer, has emerged as the top hidder for Sears Tower, offering \$1.04bn forthe 110-storey Chicago building and the nearby three-storey parking garage, the Chicago Tribune said, Reuter reports.

are expected to be substan-

bidding, the newspaper said the biggest stumbling block was Olympia and York's resistance to allowing Sears, Roebuck to retain the Sears name on the 15-year-old

Olympia and Yerk would not discuss specifics of its offer, and Sears declined to comment

BOC subsidiary to sell division to management

By Clay Harris

COMMONWEALTH Industrial Gases (CIG), the Australian subsidiary of the UK's BOC Group, is to sell its manufacturing interests in cutting and welding equipment to management for £32.3m (US\$52.4m). The deal includes an 87 per cent stake in Philippine Welding Equipment.

CIG, a listed company which is 88 per cent owned by BOC, will continue to distribute

welding equipment in Austra-lia. CIG will lend about £5.7m to the buy-out vehicle but will not retain any equity

interest. The move follows BOC's withdrawal from manufacturing welding equipment in the UK and America, although it still has distribution interests. The disposal price represents a surplus of £12.5m over the ets' book value.

BTR buys out American partner

BTR NYLEX, the 63-per-cent-owned Australian subsid-iary of UK conglomerate BTR, has bought out the US partner with which it owns a Japanese maker of garment fasteners, writes Clay Harris.

The price paid for Scovill's 50 per cent stake in Scovill-Japan, and the company's sales and profits, were not dis-

Scovill-Japan will be wholly owned by Sanshin Enterprises, a Nylex subsidiary which makes synthetic rubber prod-ucts and artificial limbs and distributes hearing aids and spectacle frame Nylex bought Sanshin in 1987 for £14m (US\$22.7m). It

had formerly been partly owned by another BTR subsid-

ICI Australia and NZ consolidate By Peter Marsh

IMPERIAL Chemical Industries, Britain's biggest chemicals group, plans to consolidate its operations in Australia and New Zealand under the ownership of a single com-pany based in Australia. The group operates in the region through two companies

with linked shareholdings, ICI Australia and ICI New Zealand. The Australian company plans to buy the 25 per cent of the New Zealand company that it does not already own, at a cost of NZ\$29.5m (US\$17.1m). ICI described the move as a "tidying up" operation.

BDDP buys control of Batey Ads By Our Financial Staff

BDDP, the French advertising agency which lost its battle to take over Boase Massimi Politt in the UK this year, has gained several outlets in Pacific Rim countries through a deal with Batey Ads Group of Singapore. It has bought an unspecified majority of Batey, which it describes as Singapore's largest and most successful agency. Batey also has outlets in Hong Kong, Malaysia and Los Angeles, and plans to open in Thailand, Taiwan and Australia. Clients include Singe tralia. Clients include Singa-pore Airlines and United Over-

This announcement appears as a matter of record only

NEW ISSUE

JULY 1989



¥5,000,000,000

71/4 per cent. Nikkei-Linked Notes 1993

Issue Price 101½ per cent.

New Japan Securities Europe Limited Bankers Trust International Limited

Daewoo Securities Co., Ltd. Kansallis Banking Group

IBJ International Limited Sparekassen SDS This announcement appears as a matter of record only

NEW ISSUE



Postipankki Ltd

¥4,000,000,000

9.10 per cent. Nikkei-Linked Notes due 1993

Issue Price 101.625 per cent.

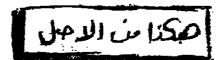
New Japan Securities Europe Limited

Goldman Sachs International Limited

IBJ International Limited

Postipankki Ltd

Ssangyong Investment and Securities Co., Ltd. Toyo Trust International Limited



INTERNATIONAL CAPITAL MARKETS

Rebounding dollar supports bonds

By Janet Bush in New York, George Graham in Paris and Stephen Fidler in London

A REBOUND in the dollar after its precipitious fall in recent days helped US Treasury bonds to arrest their decline this week. Trading remained cautions

prior to today's US memployment figures and as dealers watched the Fed closely for any signs of a change in mone-

tary policy.

In late trading, some long-dated issues were quoted % point higher, while the Trea-

GOVERNMENT BONDS

sury's benchmark long bond stood % point up for a yield of

The short end of the market was up around % point, reflecting some caution after outperforming the long end earlier in the week.

The dollar was quoted well above earlier lows of Y137.85 and DM1.8790 to stand at Y138.85 and DM1.8860 in late trading. This was the key fac-tor helping bond prices yester-

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day.

The Fed decided not to exethe red decided not to exe-cute matched sales to drain liquidity from the money mar-ket yesterday, although bond analysts said there was a need to drain to maintain the status quo on the Fed funds rate. The omission suggested to some that an easing move may have begun. The FOMC was due to end its two-day meeting yester-

day.

Fed funds had traded steadily at 9% per cent throughout the morning sestimed to sion yesterday, then slipped to 9% per cent after the Fed's intervention time went by with

no operation.

The yield curve maintained its upward tilt yesterday with three-month bills yielding around 8.02 per cent and two-year bond issues yielding around 7.89 per cent.

Few had expected any decision to emerge from the FOMC until it had seen today's unem-ployment figures for June. The

Japanese

offering at

Euro-clear

By Katharine Campbell

EURO-CLEAR, the Brussels hased-clearing house, has begun to distribute Japanese

Euroequity offerings via the

operation's new issuance service.

Marubeni the Ispanese trading house, undertook a 45m international share offering

last Monday. While Euro-clear

began accepting Japanese equi-ties into the system earlier this year, this was the first time a primary offering had been taken on.

Euro-clear's new issuance service helps lead managers secure same-day payment to

the equity issuer, as well as delivery against payment for members of the syndicate.

The clearing house has been

expanding this side of its operations to complement its Japanese equity warrants and convertible bonds settlement function. The system currently handles shares of 470 Japanese

companies.

Meanwhile, in another new

venture this week, the clearing house began handling a range of Swedish domestic debt secu-

rities, in response to deregula-tions last weekend which allowed foreigners to partici-pate in that market for the

first time. The rival Luxem

bourg clearing house Cedel

provides the same service for Swedish fixed income securi-

RJR not to seek

RIR NABISCO has chosen not to ask the Swiss courts to decide whether its \$25bn buy-out by Kohlberg Kravis Rob-erts constituted a reorganisa-

tion of the company, according to Swiss Bank Corporation.

That means that the letters

of credit guaranteeing three bonds it launched in Switzer-land will remain in place, SBC

Lead managers SBC and J.P. Morgan Securities (Switzerland) had said they would call the bonds early if RJR did not

back them with letters of

Reuter reports from Zurich.

Swiss ruling

consensus forecast is for a rise in the non-farm payroll of just over 200,000 compared with May's gain of 101,000. The June figures include five rather than four weeks of unemployment statistics, which accounts for the larger expected rise in the

non-farm payroll.

A figure of anywhere around
200,000 would be construed as showing enough economic weakness for the Fed to ease Fed funds by another 1/2 point. A figure of 250,000 or more would be interpreted as restraining any easing move by

Bond economists cautioned that there is considerable risk that the bond market could suffer more from a strong gain in the non-farm payroll than benefit from a weak number because expectations of a soft number are so widespread.

THE FRENCH Government yesterday carried out its first auction of Ecu-denominated state bonds, following the successful syndicated sale of the same Ecu bond in April. The Government accepted

The Government accepted bids for 352m Ecus, 45 per cent of the bids submitted, at a cut-off price of 99.55 per cent, giving a weighted average yield of 8.56 per cent. April's placing, bought mostly by individual investors, had a yield of 8.66

E.E.C. 74, 93.

E.E.C. 10, 93

E.I.B. 94, 97.

Emrofissa 101-93.

Disc. De Franca 998.

Elec. De Franca 998.

Elec. De Franca 998.

Elec. De Franca 912, 99.

Fishand 996.

Fish. Exp. 01, 91, 92.

Fish. Exp. 01, 91, 92.

Fish. Exp. 02, 91, 93.

Fish. Exp. 02, 91, 91.

Ford Motor Craft 8 91.

Gen. Elec. Cap. Corp. 913.

Gen. Elec. Cap. Corp. 91, 92.

IBM Craft Corp. 87, 91.

IBM Craft Corp. 87, 91.

IBM Craft Corp. 91, 92.

IBM Craft Corp. 10 1271.

Gen. Elec. Cap. Corp. 10 1291.

Japan Dev. Back 10, 95.

LT. C. B. of Japan 91, 92.

Metropolis Tokyo 92, 93.

Mippon Tel. & Tel. 93, 98.

Morway 23, 93.

Prodential Orp. 84, 94.

Sertica 7 91.

Sertica 84, 95.

Prodential Orp. 84, 94.

Sertica 7 91.

Santiono Back 95, 92.

Dealers said that the first auction tranche should go a considerable way towards making the 8.5 per cent voor 22. ing the 8.5 per cent 1997 Ecu bond into a reference for the market. Most of the April plac-ing is firmly held, but around 100m Ecus worth is still be

The dealers said that yesterday's tranche, bought mostly by international institutions, would add perhaps 300m Ecus to the float.

At the same anction, the Government sold FFra.7bn of French franc bonds, including FFr3.77bn of the 10-year fixed FF13.77bn of the 10-year fixed rafe OAT 8.125 per cent 1999.
The Government accepted less than a quarter of the bids submitted, and the cut-off price gave an average yield on the 10-year bond of 8.7 per cent, 15 basis points below June's auc-

tion level.

A further FF12.93bm was sold of the 30-year fixed rate OAT 8.5 per cent 2019, at a cut-off price of 95.7 per cent. This gives an average yield of 8.91 per cent, 23 basis points below the last auction of this bond in May

Only FF12bn was sold of the floating rate OAT TME 2001, indexed on the average of government bond secondary market yields. The margin of 40 basis points below the index

FT INTERNATIONAL BOND SERVICE

YEN STRUCHTS
Causes 64, 91
Causes 64, 91
Causes 64, 93
Encofina 5 1995.
E.L.B. 42, 93
Norway 54, 95
Sweden 45, 93
Words Bank 7, 94
Words Bank 7, 94

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		GOVERNMENT	BONDS

		Coupon	Date ·	Price	Change	Yleid	ago meer	ago Monto
UK GILT	\$	13.500	9/92	105-30	-6/32	11.23	11,38	11.42
		9.750	1/98	95-26	-14/32	10.51	10.58	10.77
		9.000	10/08	95-17	-17/32	9.51	9.56	9.78
US TREA	SURY	9.125	5/98	107-03	+9/32	8.07	8.13	8.34
_		8.875	2/19	108-23	+ 14/32	8.09	8.10	8,40
JAPAN.	No 111	4.600	6/98	95.6806	+0.059	5.32	5.51	5.40
	No 2	5.700	3/07	105.5836	+0.098	5.10	5.20	5.12
GERMAN	Y	7.000	2/99	102.3500	-0.200	8.85	6.72	6.84
FRANÇE	BTAN	8.000	1/94	96.6075	+0.072	8.92	8.94	8.85
	OAT	8.125	5/99	96.2300	+0.030	8.70	8.68	8.73
CANADA	•	10.250	12/98	105.8500	+0.100	9.33	9.34	9.50
NETHER	ANDS	7.000	3/99	99.3800	-0.240	7.06	7.12	7.29
AUSTRAL	<u></u>	12.000	7/99	92.0468	+0.458	13,47	13.51	13.65

auction helped push the Paris government bond market higher, and prices ended the day 20 to 25 centimes above Wednesday's close. It thus provided a contrast to

The FFr2hn accepted at a price of 97.4 per cent was well clear of the rest of the market.

The remaining FFr5.75bn of

hids went no higher than 97.2

most of the other European markets, where the prospect of today's US unemployment fig-ures and the feeling that the dollar's recent sharp declines may be due for a temporary reversal made for a cautionary approach. Nevertheless, with a current yield differential of more than

2 per cent above its German counterpart, there are still expectations that the French market can outstrip the perfor-mance of its neighbours. The German market turned lower, despite purchases in the market by the Bundesbank, even after a firmer start. The announcement of revised inflation figures, showing inflation

the market to lose its early morning gains. The market closed about 10 pfennigs weaker, with some US investment banks reported to be switching out of the German market into US Treasuries and into the French market. The Dutch market kept in step with the German, preserving a yield premium of about 40

in the year to June at 3.1 per cent, instead of the provision-ally estimated 2.9 per cent, led

The UK market's three-day rally stalled too, with investors becoming cautious about whether sterling can indefinitely sustain the gains of the past couple of weeks. Sterling's trade-weighted index was 0.1 point higher at 91.9, but con-ventional gilt prices were up to

Closing prices on July 6

British Telecom USA Holdings, Inc.

has acquired a 20 per cent interest in

McCaw Cellular Communications, Inc.

The undersigned acted as financial advisers to British Telecom USA Holdings, Inc.

S.G. Warburg & Co. Inc.

Donaldson, Lufkin & Jenrette Securities Corporation

July 1989

Brasilvest S.A.

Net asset value as of 30th June, 1989 per NCZ Share: 2,672.68 per Depositary Share: US\$14,498.91 per Depositary Share: (Second Series)

US\$13,615.37 per Depositary Share: (Third Series) US\$11,586.84 per Depositary Share; (Fourth Series) US\$10,824.57

Pour l'Afrique Occidentale

U.S.\$50,000,000

Floating Rate Notes due 1995

visions of the Notes, notice is hereby given that the Rate of Interest for the next 6 months Interest Peciod has been fixed at

tion and U.S. \$12,028.65 for the U.S. \$250,000 denomina-tion and will be psyable on 8 January, 1990 against sur-render of Coupon No. 9.

er annum. The Coupon as will be U.S. \$481.15

No. 003598/1989

IN THE HIGH COURT OF JUSTICE (England) Mr. Registrar Buckley

IN THE MATTER of THE MEDITERRANEAN INSURANCE & REINSURANCE COMPANY LIMITED

> IN THE MATTER of THE COMPANIES ACT, 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 30th day of June, 1989 made in the above matters the Court has directed a Meeting to be convened of the Scheme Creditors of the above named Company (hereinafter called "the Company") (as defined in the Scheme of Arrangement hereinafter mensioned) for the purpose of considering, and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the Scheme Creditors and that such Meeting will be held at The London Press Centre, Conference Centre, New Street Square, London EC4 3JB commencing at 10.00 a.m. on Friday 1st September, 1989 at which place and time all the aforesaid Scheme Creditors are requested to attend.

Any Creditor of the Company who is or believes that be may be entitled to attend the said Meetican obtain copies of the said Scheme of Arrangement, a Form of Proxy, and copies of the Stateme required to be furnished pursuant to Section 426 of the Companies Act, 1985 from:—

the registered office of the Company, Plantation House, 31-35 Penchurch Street, London EC3M 3DX; or

(ii) Clifford Chance, Royex House, Aldermanbury Square, London, EC2V 7LD. during usual business hours on any day (other than a Saturday or a Sanday) prior to the day appointed for the said Meeting.

The said Scheme Creditors may vote in person at the said Meeting or they may appoint and

It is requested that the form appointing proxies be lodged with the Secretary of the Company at the registered office of the Company, situate at Plantation House, 31-35 Fenchurch Street, London, EC3M 3DX not less than 48 hours before the time appointed for the Meeting, but if forms are not so lodged, they may be handed to the Chairman at the said Meeting.

By the said Order the Court has appointed Malcolm J. London or failing him, Philip J. Singer to act as Chairman at the said Meeting of Scheme Creditors and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED the 4th day of July 1989

CLIFFORD CHANCE Royex House Aldermanbury Square CIVAS 7 LIMITED

rest Reta 9.1875% p.a. Interest Per y 7, 1989 to January 8, 1990. Inter able per US\$100,000 N Payable p US\$4,721.35.

OFFSHORE OIL INDUSTRY

The Financial Times proposes to publish this survey on:

5th September 1989

synopsis and advertisement details, please contact:

Ian Ely-Corbett on 01-873 3389 or write to him at:

Number One Southwark Bridge

SEI 9HL FINANCIAL TIMES This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. It does not constitute an invitation to any person to subscribe for or purchase any new ordinary shares of 25 ceats each.

RANDEX LIMITED orporated in the Republic of South Africa) (Registration number 05/06778/06)

MARIEVALE LIMITED 22,601,114 new ordinary shares of 25 cents each at an issue price of 300 cents (South African currency).

The above securities have been admitted to the Official List by the Council of The International Stock Excharge of the United Kingdom and the Republic of Ireland Limited.

Particulars of the new ordinary shares are available in the Extel Statistical Service, and copies of such particulars may be obtained during normal business hours up to and including 12 July 1989 from the Company Announcements Office, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, 46-50 Finsbury Square, London EC2A 1DD and up to and including 25 July 1989 from:

James Capel & Co. Corporate Finance 7 Devonshire Square London EC2M 4HN

Hill Samuel Registrars Limited New Issues 6 Greencoat Place

7 July 1989

ENERGY INTERNATIONAL N.V.

Shareholders in the Fund are convened to attend the Annual General Meeting of shareholders to be held on Monday 31st July, 1989 at 10.00 a.m. at the registered office of the Fund at Pietermani 15, Willemstad, Curação, Netherlands Antilles.

The items on the agenda are: (1) Approval of Report and Accounts and proposal of a dividend of USS2.00 per share for the financial year ended 31st March, 1989.

In order to attend the Meeting in person or by proxy and to have their votes registered at the Meeting, holders of bearer shares must deposit their share certificates (or a deposit receipt for the share certificates) mentioning their names, addresses and nationalities at the registered office of the Fund not later than 24th July, 1989.

U.S.\$150,000,000

LI First Interstate Bancorp

Floating Rate Notes Due 1994

Interest Rate

9.2625% 6th July 1989 Interest Period

8th January 1990 Interest Amount due

8th January, 1990 per U.S. \$100,000 Note U.S.\$4,785.63

Credit Suisse First Boston Limited

(Incorporated with Limited Liability in the Netherlands Antilles)

(2) Election of the Members of the Board of Management.

Curação 30th June, 1989.

By order of the Board of Management

<u> Programme region de la managrama de la compania del la compania de la compania del la compania de la compania del la compania de la compania del compania </u>

The move was designed to address bondholders' concerns that their securities were threatened by the leveraged buy out approved last April
RJR had reserved the right
to ask the courts to decide SBC said.

whether the buy-out repre-sented a reorganisation under terms of the bond covenant, but will not exercise that right, J.P. Morgan was lead man-

ager for a SFr275m, 5% per cent, 15-year bond due in 2000 and a \$124m, 6 per cent, dual-currency, 18-year bond due in SBC led a \$120m, 5% per cent/10 per cent, dual-currency step-up coupon bond over 15 years due in 2001.

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STEAMENTS
Asian Dow. BK. 6 94
Anstria 64, 99
Bank of Tologo 54, 92
Bonesez lat. 64, 99
Bonesez lat DEUTSCHE MARK
STRABERTS
Asian Dev. BK. 6 94
Austria 6 14, 99
Bank of Tokyo 5 14, 93
Commerchank ols. 5 14, 93
Commerchank ols. 5 14, 93
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E.I. B. 6 14, 99

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Amer. Brands 714 02 US.
Asiacap Bank 214 02 US.
Asiac 5 92 DM
CRS. Inc. 5 02 US.

† Only one market maker supplied a price Straight Bonds. The yield is the yield to redemption of the mid-price; the amount based is in millions of carrency units except for Yen bonds where it is in billions. Change on week - Change over price a week exciter.

Floating Pate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Caffee Date next coupon becomes effective. Spread-willargin above shownoith offered rate differences:

Sabove mean rate) for US dollars. C.cpn - The current

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distant; samure break the companies of the distant miles otherwise indicated.
Convertible Boads: Denominated in dollars unless otherwise indicated.
Chg. day = Change on day. On date = First date of conversion into shares. Care price = Nominal amount of tood per share expressed recurrency of share at conversion case flowed at issue. Prem = Percentage premium of the currenteffective price of acquiring shares via the boad over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

New issues subdued ahead | Chicago exchange tries for fifth mortgage of US employment data

By Katharine Campbell

THE MARKET has been riveted for most of the week on today's employment growth figures for the US economy, a factor which has curtailed new issue activity across the sector and dampened investor appetite for paper in all but the

During the week there has been a shift in the shape of the dollar yield curve, with the

INTERNATIONAL BONDS

shorter maturities outperforming the long end in anticipa-tion of the Federal Reserve lowering the Fed funds rate, in response to signs of a sharp slowdown in the economy.

The yield curve, just positive at the beginning of the week between two-year and 30-year paper, has steepened some what. This means that, whereas two-year securities return around the 7.97 per cent mark, the long bond is yielding

8.10 per cent. Meanwhile, the long end of the curve has been more affected by the drop in the dol-lar and by signs that inflation may be re-emerging. This could be a particular problem if the Fed eases aggressively.

At the same time, Eurobonds have considerably underperformed US Treasuries over the entire course of the rally, so spreads have widened out almost to the level they reached after the equity mar-ket crash in 1987. Clearly this trend will be reversed, but the

If the June employment fig-ures show an increase below the market's median expectations, which is 200,000, a fur-ther rally in Treasuries is in a group led by Banca del

Borrower US DOLLARS

US DOLLARS Unitika Ltd.4 Marubeni Corp.(b)∳∳ Marubeni Corp.(b)∳∳ Marubeni Corp.(b)∳∳ Hino Motors(b)∳∳

Alliance & Leicester(c):

likely to prolong the underper-formance in the Eurodollar sec-

Conversely, if the number is higher than expected, prices on Treasuries could slide faster than those on Euros, so causing spreads to tighten.

Meanwhile, the new issues market was largely somnolent

yesterday. But, in the sterling floater sector, UK building society the Alliance & Leicester issued £50m worth of 15-year subordinated debt priced at a spread of 35.5 basis points over the three-month London interbank offered rate.

Chase Investment Bank, which led the deal, was quot-ing a price of 99.95 bld for the paper, but said that a major portion of the issue had been

The paper is unlikely to trade much - subordinated debt is unattractive to most FRN investors, namely the banks, because of its implications for capital ratios.

The market felt that the terms were tight, although Chase countered that last week's floater for the same bor-rower carried a margin of just it per cent over Libor. That, however, was ranked as senior

A solitary dollar deal with detachable warrants emerged yesterday for Japanese textile company Unitika. The fouryear \$300m bond carries an indicated coupon of 4% per cent, to be fixed on 14 July. Lead manager Nomura Inter-national said the paper was trading % per cent above the

par issue price. In Switzerland, Nippon Valqua Industries, the indus-trial packings manufacturer, brought a five-year convertible

NEW INTERNATIONAL BOND ISSUES

100

##Private placement. With equity warrants. §Convertible, #Floating rate notes, Φ Final terms, a) indicated yield to put 4.205%, b) Coupon cut by $\frac{1}{2}$ % from indication, c) $35\frac{1}{2}$ bp over 3-month Libor, Call at par after 5 years, Sinking fund.

2004

1994

Gottardo. It carries a put option after two years, and the yield on that put, 4.206 per cent, was said to have appealed to some UK institutional inves-

Paper was trading at a 2 per cent discount to the par issue price. This is outside fees to co-managers of 1% per cent, but the lead manager said that the deal had been well

Meanwhile, the Remy Finance SFr110m seven-year straight bond with warrants, which carries a 45 per cent coupon and which was launched at the beginning of the week, continues to meet dy demand.

Yesterday it was trading at a discount to issue price of 1% per cent on the bid side. The warrants attached are exercisable into Piper-Heidsieck

The secondary market for fixed-rate Swiss franc bonds ended a touch firmer after a day of modest trading. A recent issue for General Motors – a SFr120m issue over 10 years carrying a 6% coupon
- rose % point to 103, compared with its 100% issue price. In the Euro-DM sector.

Wednesday's DM600m issue for the World Bank started out strongly, with the discount to the 100% issue price narrowing from the initial trading level of 1.40 to 1.05 at one stage yester day morning. However, a rumour that the

10-year issue, which carries a 6% per cent coupon, would be increased in size, together with a weakening in the underlying government bond market, led to a retreat. The lead manager quoted a late price of less 1.30. Recent Euro-DM issues saw reasonable turnover, but sea-soned issues saw little action.

Nomura Int. Yamaichi Int. (Europe) Daiwa Europe Nikko Secs. Nikko Secs. (Europe)

15 Banca del Gottardo

Deborah Hargreaves on the latest CBT attempt to start a futures and options market

recent start-up of futures and options on mortgage-backed securities at the Chicago Board of Trade is the exchange's fifth attempt to launch a successful mortgage contract. But the CBT's bid to cash in on this lucrative market has got off to slow start and the exchange is hoping the new contracts will not be as shortlived as its

previous attempts.

It is not the best time to launch a derivative on the huge mortgage-backed securi-ties market, since prices have slumped in the first part of this year. Mortgage lending has also dropped and the volume of new mortgage-backed securi-ties halved in the first quarter to \$10.8bn from the same

period last year. But the potential market for mortgage-backed securities' derivative is huge and untapped by an exchange product. New issues of mortgage-backed securities have been greater than Treasury bond issues (with maturities of 10 years or over) for the past several

The CBT hopes its new contracts will fill an industry need for futures and options to hedge cash exposures - it is the first time the exchange has launched a futures and options contract simultaneously This contract in many ways mimics the forwards market, which is why it may be suc

cessful," comments Mr Michael Kamradt, vice president at Continental Bank in Chicago. The CBT hopes its

new contracts will fill an industry need for futures and options to hedge cash exposures it is the first time the exchange has launched a futures and options contract simultaneously.

The huge forward market which trades over the counter saw a volume of 19bn contracts with a value of over \$240bn last year, outstripping the lucrative off-exchange market for Trea-

sury bond forwards.

The CBT contract is trying to complement the over-the-counter market, Mr Kamradt believes, with the big difference that no physical delivery is involved. "No way can this replace the forward market, but it can help with price discovery," he says. The CBT's experience with mortgage-backed securities dates back to the launch of its

first interest rate futures con-tract in 1975. That contract, the "Ginnie Mae" Credit Depositary Receipts traded 12m lots until its demise last year. The downfall of the CBT's earlier attempts to trade futures on the MBS market has been its inability to tie con-tracts to changing exchange rates. It was the plunging exchange rates of the mid-1980s that led to the decline of its first Ginnie Mae futures. That contract traded 862,000 lots in

1984, but only 84,000 in 1985, as it remained locked into a higher interest rate A second bid to trade a Ginnie Mae, this time as a certificate of deposit, struggled for four years from 1978 to its demise in June 1982. After that, a Ginnie Mae mark two traded for six months in 1984 and in May 1986, a cash-settled futures contract was listed for

five months. The CBT has

fine-tuned each new contract it

issues in a bid to establish it as a derivative. The new contract will be cash-settled - a successful feature of its preceding futures contract. It is also designed to give the exchange a chance to track changes in the Ginnie Mae market Under the design of the new

The trading pit for MBS futures and options has been given a prime site at the exchange, in view of both Treasury bond and T-note futures. which the exchange hopes will encourage spread trading.

contract, the CBT will be able to base the futures on the lat-est coupon to be released by the Government National Mortgage Association. Every month, the exchange will be able to assess which coupon in the esoteric MBS market is trading closest to the current interest rate on mortgage loans and adjust its futures contracts

accordingly.

However, in a market that has not been very volatile with mortgage rates declining, there is little current need for a little current need for a hedging vehicle as initial trading volume on the contracts has shown. Futures volume is yet to rise over 100 lots per day and even fewer options are

trading.
Mr Mark McCartin, president
of Bloomfield Mortgage, says this is a feature of the contract that will be most useful to him. Nevertheless. Mr McCartin believes the option could well take off before the futures contract, since the CBT's contract marks the first time mortgage bankers have had an option

available. If the contracts are not suc-cessful, it will not be for want of trying by the CBT. The trading pit for MBS futures and options has been given a prime site at the exchange, in view of both Treasury bond and T-note futures, which the exchange hopes will encourage spread

trading.
The CBT has also launched a permit programme to make it cheaper and easier for traders and outsiders to trade the new

Danish futures costs top budget

back for the market is the

The Stock Exchange has had

ically, turnover in the equities

expected that the equity-based

By Hilary Barnes in Copenhagen

TURNOVER IN the Danish futures and options market, which opened last autumn, has been so low in the first halfyear that broking firms have been asked to pay extra amounts to cover the cost of the system.

The budget for the Guarantee Fund for Futures and Options, which operates the all-electronic system, was based on the assumption that about 2,500 contracts would be made per day.

But the average daily num-ber for the main instrument in the first half was only 989, although it picked up to a record level of 1,156 in June. Mr Jens Otto Veile, chief executive of Provinsbank and chairman of the Guarantee Fund, said: "There is nothing extraordinary about the situation, and there's no need to

He said that the start-up costs of the system were necessarily fairly heavy and it was just unfortunate that turnover in the initial period was so low. There are two basic reasons for the poor trading record.

Firstly, it has been a period of unusually low turnover and price stability in the bond mar-ket, on which the options and futures instruments are based. and secondly the Government has failed to clarify the tax ond half. position for private investors. Until the legal position for private investors has been sorted out, they are staying out of the market. A further set-

delay in introducing an instru-ment based on the equities difficulty working out a satisfactory base for the index. Ironmarket has been lively this year, with prices achieving new record levels. It is now

instrument will be introduced late this year, probably in

The broking firms affiliated to the Guarantee Fund were asked to pay an extra DKr500,000 to cover first half costs. They were also asked to guarantee payments of DKr350,000 each, over and above the budget for the sec-

Three broking firms withdrew from the fund and, as several mergers have taken place among broking firms, the number participating in the market has fallen from 45 at the start to 36.

 Analysts at Privatbanker predict a serious shortage in bonds on the Copenhagen mar-kets over the coming period. The net supply would be about DKr20bn in 1989 and DKr40bn in 1990, against a placement requirement from institutional investors of about DKr56bn and DKr97bn next year.

Taiwan reform threat to investment houses

THE TAIWAN Government is threatening the island's huge underground investment houses with a legislative bomb which could destroy some and send shockwaves through the stock market, Reuter reports from Taipei.

The new banking law being debated in parliament, which could pass its final reading today, would allow the creation of private banks for the first time and offer foreign banks access to cheaper funds and the lucrative stock underwriting business.

At least 10 new private banks are expected to spring up when the new law is passed to shake the creaking, statedominated system

Foreign banks will be allowed to take long-term deposits and make long-term loans which will boost their role in the lucrative consumer finance market.

They also will be allowed to expand their trust busines marketing and selling overseas trust funds. In addition they will be able to apply for underwriting licences, giving them access to the booming local stock market.

But attention is focused on

an article in the law which

threatens the survival of an estimated 200 underground investment houses which have attracted a big slice of Taiwan's savings with unbeat-able interest rates. The article imposes heavy penalties on operators of illegal deposit-taking companies,

which is what the investment houses have become in all but Economists say there could be runs on the institutions by

panicky investors that could bring some down, prompt a crash on the stock market and spark a political crisis.

ning of the September contract in it on the London International Financial Futures Exchange at a

discount to fair value (which

of dividend and interest rate pros-

no doubt helped somewhat by the firmish nature of the pound. Racal apart, only three stocks

es in such things as es

FT-ACTUARIES SHARE INDICES These indices are the joint compilation of the Financial Times,

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(Zero)

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	the institute of Actuaries and the Faculty of Actuaries												
	EQUITY GROUPS		Thur	sday J	uly 6	1989		Wed Jel 5	Tue Jul 4	Mon Jul 3	Year ago (approx)		
& SUB-SECTIONS Figures in parentheses show number of stocks per section		Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Index No.	ledes No.	index No.	tridex No.		
1 2	CAPITAL GOODS (206)	959.67 1189.20	+0.1	11.84 12.22	4.17	11.13	15.85 25.70	958.39 1187.92	959.54 1185.34		889.28 1817.86		
3	Building Materials (29) Contracting, Construction (37) Electricals (9)	1622.61 2818.65	+4.5 -0.3	14.49 8.47	4.32 4.08	9.05 14.57	32.37 50.60	1615.15 2827.30	1610.61 2847.12	1645.45 2824.35	1587,41 2102,60		
5 6	Electronics (30)	2196.28 532.45	+0.3 E.0+	8.99 10.03	3.37 4.80	14.51 12.27	25.92 8.48	531.86	531.18	526.99			
8 9 10	Motors (17)	326,92	+9.4 +9.2 -0.2	19.92 11.33 9.24	5.89 4.65 4.25	5.51 18.36 12.93	3.02 6.83 39.21	326.17	513.64 325.69 1659.63	325.76	281,72		
21 22	CONSUMER GROUP (187) Brewers and Distillers (22)	1748 70	+0.2 +0.1	8.93 18.05	3.63 3.60	14.02 12.51	19.18 19.65	1237.92 1356.48	1249.18 1357.85	1232.55 1349.37	1992,42 1185.78		
25 26	Food Manufacturing (20) Food Retailing (15) Health and Household (14)	1127.76 2377.14	+1.5 +1.6 -0.8	9.83 8.67 6.67	3.79 3.21 2.67	13.90 15.10 17.82	18.43 25.59 22.08	2353.63	1199.82 2355.16 2254.29	2346.49			
20	Leicure (33)	1654.78	+1.1	7.51 10.25	3.35 4.32	16.68 12.33	28.79 8.30			1651,19			
34	Packaging & Paper (15) Publishing & Printing (19) Stores (34)	.[83.7.37	+9.5 -0.1	8.78 11.10	4.76 4.41	14.60 11.79	16.19	3521.54 817.95	818.27	815.27	3513.68 797.37		
35 40 41	OTHER GROUPS (93)	541.61 1114.32 1352.53	-0.5	16.99 10.22 7.42	5.35 4.23 2.41	19.89 11.99 15.68	14.97 14.44 15.02		543.18 1116.46 1372.79		610.86 989.34 1175.36		
42 43	Conglomerates (1.3)	1661.26	+0.1	11.29 10.14	4.76 4.89	10.46 11.62	26.60 26.22	1275.84 1659.31	1282.54 1656.41	1282.67 1646.53	1094.21 1215.48		
	Telephone Networks (2)	1060.83	+9.2 +8.7	8,54 11.76 9,55	3.67 4.68 3.57	15.20 11.03 11.88			2460.98 1859.33 1656.51	1063.57	988.82		
49	Miscellaneous (26)	1152.33	+8.4 +9.1 -8.6	9.88 18.14	3,95 5,34	12.58 13.11	17.33 52.03	1150.63	1152.70 2139.92	1148.46			
59	01 & Gas (14)	1232.25	Шунга	9.91	4,13	12.57	20.18		1236.64	1231.51	1051.48		
61 62 65	Banks (8)	710.92	-0.6 +6.4	24.84	5.40 6.76 5.51	5.29	17.86 21.71 29.86		733.49 721.37 1073.42	729.69 716.99 1868.32	683,36		
66 67	Insurance (Composite) (7) Insurance (Brokers) (7) Merchant Banks (11)	573.99 954.97	-0.5 +0.1	- 7.91	6.27 6.50	_ 17.81	16.75 31.63	576.82 954.27	577.61 962.22	573.76 966.35			
69	Property (52) Other Financial (31)	11312.57	+0.5 +0.6 +0.7	6.34 11.72	4.67 2.92 6.06	20.11 10.87	7.30 16.19 8.59	339.99 1304.56 359.50	331.49 1311.57 368.95	331.87 13 65. 33 358.75	352.29 1220.17 389.84		
71		1158.90	+8.2	- 8.70	2.82 3.87	12.89	14.72 18.45	1157.14 663.65	1159.13 664.%	1156.76 656.89	918.66 534.27		
91 99	Overseas Traders (8)	1336,27 1110.00	+0.5	11,19 -	5.55 4.28	19.16	35.67 19.41	1329.33 1189.36	1336.33 1113.40	1326.52 1108.83	1150.66 963.20		
		ladex No.	Day's Change	Day's High (a)	Day's Low (b)	Jd 5	Jul 4	Jul 3	Jon 30	Jun 29	Year ago		

	FIXED INTEREST							AVERAGE GROSS REDEMPTION YIELDS	Thu Jul 6	Wed Jul 5	Year ago (approx.)
	PRICE INDICES	Thu Jul 6	Day's change %	Wed Jul 5	xd adj. today	xd adj. 1989 to date	1 2 2			9.98 9.37	9.38 9.45 9.24
1 2 3 4	5-15 years Over 15 years	117,35 131,58 143,02 164,88	-0.07 -0.27	117.54 131.66 143.40 165.76	-	6.41 7.04 7.09 7.32	8 9	25 years	9,88 9,45 10,95 10,10 9,64	9.19 10.83 9.86 9.42 10.95 10.07	9.87 9.67 9.47 9.94 9.84 9.53
6	Index-Linked 5 years Over 5 years	129.70 136.67 134.93	******		0.08 - -	6.94 1.36 1.88	11 12 13	Index-Linked Inflation rate 5% Inflation rate 5% Inflation rate 10% Inflation rate 10% Over 5 yrs. Inflation rate 10% Over 5 yrs.	3.68 2.97	9.22 3.73 3.48 2.97 3.51	2.69 3.89 1,71 3.73
9	All stocks		-0.17	134.94 112.94 87.81	- 	1.82 6.16 3.29	语 语	Bebs & Syears	12.49 11.73 11.31	12.05 11.70 11.35	19.97 10.91 10.85
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LONDON MARKET STATISTICS

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LONDON RECENT ISSUES EQUITIES

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TRADITIONAL OPTIONS								
First Dealings Last Dealings Last Declarations For settlement For rete indications see London Share Service Calls in De La Rue, London		national, New England Prop. BAT Industries. Walker Greenbank, Norfolk Capital, Southend Prop- erty. Rockware, Body Shop and Cluff Oil. Puts in Body Shop, Charterhall and Eurotunnel war- rants.						

LONDON TRADED OPTIONS

RACAL ELECTRONICS claimed 10,546 contracts out of the total of 30,577. A market total of this size the lion's share of attention on the London Traded Options Marruns options business back to the dull days that came in the wake ket yesterday, as well as a sub-stantial share of interest on the of the Great Crash on the stock underlying market. Recent falls in market of October, 1,987.

on the back of government proposals concerning the regula-tion of the cordiess telephone market — were followed by a jump yesterday in the price of the stock by 20p to 434p. There were 81 bergains in the stock option, at an average size of 33.2 contracts, each worth 1,000 shares.

it was, in general, a quiet day on the options market, and if trading in Racal and the FT-SE 100 index were to be taken away. very little at all. The index business accounted for over one third of all options business, taking

Atti Lyons 420 43 59 67 1 5 9 (*459) 460 10 29 41 10 18 22 500 1½ 12 21 43 45 47

Brit. Almazys 180 25 32 36 1 2 3½ (*204) 200 8 17 22 2½ 7 10 220 I 8 I3 I7 19 20

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260 34 40 47 \(\bar{1} \) 2 5 280 17 23 32 1\(\bar{1} \) 6 10 300 3\(\bar{1} \), 15 19 10 14 21

1400 85 100 100 3 5 7 1450 40 44 60 15 20 25 1500 11 17 25 45 55 50

390 14 28 41 6 16 19 420 3 13 26 25 33 35 500 61 73 92 1 44 72 550 17 35 54 7 17 22 600 2 14 28 44 47 52

550 23 47 62 4 11 14 600 3 21 33 37 41 42

240 16 26 32 21₂ 5 8 260 4 14 21 11 12 15 990 30 38 51 2 7 13 420 9 21 31 11 17 21 460 4 8 15 47 48 52

Sections (%35)

July Col. Jan. July Oct. Jan.

The overall business was shared between 14,432 calls and 16,145 calls. The division of busisa between calls and puts in the index was yet more striking. It is unusual for overall market calls to fall below puts, less unusual for calls in the index to fall below puts, but yesterday there was a ratio not far short of one to four in favour of index trading in the puls, against calls. The 10,548 index total broke down into 2,292

calls and 8.254 puts.
The index itself felf 1.7 points on balance, dragged down to some extent by the continued run-CALLS

attracted more than 1,000 con-tracts on the traded options mar-ket. BAT Industries found 1,851 ket. BAT industries found 1,851 contracts, 1,313 calls and 538 puts, on the back of a gain of 2p to 657p in the underlying share price. There were 1,840 contracts in British Petroleum, comprised of 214 calls and 1,626 puts, with 1,273 contracts handled in the October 280 puts alone. United Biscuits saw 1,353 contracts, consisting of 1,341 calls and 12 puts.

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ehouse O)	140 160	15 5½	24 23	27	4	8 17	9 29	Tesco (*185) Outloo	180	Ш	17	24 14	4	,
algar 4)	317 347 377	31 8 2	44 24 11	50 30 17	11 11 36	4 16 36	9 22 40	ASDA Grp. (*179)	160	23	27 13	31 17	2	. 3
Biscoits L 1	330 360	54 26	69 46	76	1	.4	.7	Gateway (*237) Option	220 240	20 3 Sep	3	5	Sep Sep	
ne-	390 500	-20 9 105	25 123	52 35 134	4 16 1	10 21 1	14 24 25	Amstrad (*62)	80 90	13			7	•
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(10) ()	290 300 330	44 27 7	54 40 20	66 52 33	2½ 16	5 10 24	7 14 28	Blue Circle (*523)	460 500 550	78 46 18	60 34	76	4 14 38	
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) E5	390 460	6 52	66	84	22 15	25 7	30 10	R Royce (*195)	180 200 220	24 10 31 ₂	28 16 8½	34 22 13	3 11 26	3
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UK COMPANY NEWS

Regional slams Monopolies report on the brewing industry

Fuller Smith up 10% to £7.4m

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west London-based brewer renowned among real ale afficionados for its ESB premium bitter, yesterday announced taxable profits some 10 per cent higher at 57.42m for the 12 months to end-March.

The outcome for the full year shound a modest improvement

showed a modest improvement on the lacklustre first half when trade was hit by the com-pulsory purchase of puls and last year's indifferent summer. Some improvement occurred

uniform supply business

Godfrey Davis adds to its

By Philip Coggan

GODFREY DAVIS Holdings, the car dealing and laundry group, has agreed to acquire the Practical Uniform Com-

The agreement is conditional

upon the reorganisation of the Practical Uniform company to eliminate certain minority

shareholdings in subsidiaries. Completion of the deal is not

expected until October 31, by which time Practical Uniform

is expected to report pre-tax profits of not less than £1.3m.

DRG increases

its US presence

with £9.3m buy

DRG, the stationery, packaging and engineering company, has acquired TK Gray, a US distri-bution group, for \$15m (\$9.3m)

Gray, based in Minnesota,

distributes and supplies equip-ment to the graphic arts and printed circuit board indus-

DRG would not reveal Gray's

profits although it said the

company was profitable, with turnover of \$43m.

DRG recently purchased

Lawrence Photographic, a

By Philip Coggan

pany for an initial £5.6m.

FULLER, SMPTH & Turner, the west London-based brewer report on the brewing industry, Mr Ian Turner, director.



during the second half reflecting benefits from newly acquired houses.

Referring to the Monopolies said: "The report itself is rubhish... we have great hopes that everything will come right in the wash."

PUC designs, manufactures and distributes industrial

clothing and work uniforms.
Godfrey Davis already has a
uniform supply business –
First Impressions – which is

strong in the food and leisure

business while PUC is strong in the oil and retailing fields.

Consideration for PUC is £630,000 in cash and the bal-ance in variable loan notes. Further deferred consideration

is payable dependent on future

Property sale

boosts Daejan

48% to £32.5m

Daejan Holdings, the property

Fuller's estate currently consists of some 150 houses. "We from 17.56p last time, and a are always looking for new opportunities", said Mr Turner. He stressed, however, that the group had no immediate plans to expand from its present heartland "It is easier to con-trol a tight distribution area",

Fuller's, one of only two publicly-quoted independent brew-ers in London, declined to state the percentage of sales attrib-utable to lager. "In hot weather, lager makes inroads into ale sales" he said. Turnover rose to £52.94m (£49.05m). Earnings per £1

from 17.56p last time, and a proposed final dividend of 2.9p makes 4.45p (3.6p) for the year.

Sir Derrick Holden-Brown, chairman of Allied-Lyons, yes-tarday said that his company had "considered all the possible scenarios" concerning the Monopolies report and it was confident that it could "deal effectively with whatever emerges.

Speaking to shareholders at the annual meeting, Sir Der-rick said: "We shall resist very strongly any proposals which require us to sell off any part

Jack Israel hits £1.85m with 23% expansion

JACK L Israel Group reported taxable profits ahead 23 per cent from £1.5m to £1.85m in the year to end March.

It also announced plans to change its name to JLI Group and consolidate its shares on the basis of five 4p shares into

one 20p share.

The result came on turnover of 263.43m (£68.75m), the fall reflecting the change of emphasis into higher margin areas.

Directors said the name change reflected the company's change into a diversified food company with a growing emphasis on food processing. was purchased from Gill & Duffus for £1.5m.

contract food division management was strengthened and it saw a trend towards long-term supply contracts with most customers. The international merchanting division made a significant contribution, directors said, while food processing had a record year.
Earnings per share for this
USM-quoted company rose 35
per cent from 1.17p to 1.58p and

proposed for a total for the year of 0.7p (0.6p). Since the year end Sundora Foods, a dried fruit processor,

M&G backs Magnet offer

By Phillip Coggan

investor and trader, continued its progress with a 48 per cent conclusion to the management increase in pre-tax profits for the year to March 31. buy-out of Magnet, the kitchen and DIY company, were From £21.97m last time, profits advanced to £32.52m. Howboosted vesterday by the news that M&G, one of the long-term ever, the company said that, as reported at the interim stage, the second half included a opponents of the deal, had decided to accept the

property sale that yielded taxable profits of £14.7m. This helped pull the 25 per cent fall in half-time profits round to the strong advance.

Tax took £11.89m (£7.59m), leaving earnings up at 126.52p (88.13p) per share. The directors have recommended the payment of a 14p final dividend for a total for the year of 22p (19a)

Missouri-based print and graphics supplies business, and plans to build up a significant US distribution group.

THE CHANCES of a successful pulsory purchase of the minority shares. Yesterday, M&G said: "There is a time when the battle has run its course." Other oppo-nents appear to be holding out,

however, mainly on the princi-ple that such deals involve conflicts of interest. The offer has been declared unconditional, even though the 90 per cent level of acceptances M&G owns 0.5 per cent of the ordinary shares and 4.5 per cent of the convertibles. Together with other later had not been reached in either accepters, including index funds which are obliged to accept the deal, the total level the ordinary or convertible class of share.

The company can be taken of ordinary acceptances is believed to be around 88 per private, however, through a vote at an extraordinary gen-eral meeting. Such a vote That is still short of the 90 per cent needed to force comwould only require a 75 per cent majority.

growth at Baker Harris By Paul Cheeseright,

Modest

Property Correspondent

BAKKE HARRIS Sounders, which in late 1986 led the wave of chartered surveyors to market flotation, yesterday announced an 11 per cent increase to 23.8m in pre-tax profits for the year to April 30. This was a lower rate of increase than has been seen from other chartered survey ors recently reporting, and reflected a sharp rise in costs. There has been staff expansion, a movement to new and more expensive premises, and the installation of office auto-

mation systems. But Baker Harris bas nate Baker narris has increased the amount of business it is handling in line with others in the sector. Turnover rose 45 per cent to £8.8m.

Karnings per share were 20.6p, little changed from the province were 20.6 p. But

20.5p. little changed from the previous year's 20.5p. But, with the recommendation of a final dividend of 4p, total payment for the year is lifted to 7p (6.25p).

Although higher costs have reduced margins at Baker Harris, profits before tax were 43 per cent of turnover, a higher proportion than at Debemban

proportion than at Debenham Tewson & Chinnocks, Savills and Fletcher King, which have

Business in the City of London remains the staple of the Baker Harris business, but dependence has reduced from 73.4 per cent of turnover in 1987-88 to 52.4 per cent as rev-ence has come in from expansion to the West End, New York, properly management and financial services.

There has been a slowdown in City activity and Baker Harris expects this to continue, but instructions on property sales and acquisitions have remained frequent. Yesterday, it announced that it had been commissioned by Manufacturers Hanover, the US bank, to sell its City headquarters close to the Bank of England.

Telfos joint venture

Telfos Holdings is selling a 50 per cent interest in its vacant property at Stirchley, Rirmingham, to Ossory Estates for £2m. They will form a joint venture to develop the site.

Losses at **Owners** Abroad near £8m

By Ray Bashlord

OWNERS ABROAD, the tom operator and airline seat bro ter, returned pre-tax losses of £7.83m, against £5.93m, during the six months to April 30. Turnover rose from £38.9m to

Because of the the seasonal nature of the business, the six months under review included only 22 per cent of the number of passengers that are expected to be carried during the year. The results included Tjaere-

borg's entire loss, as it has become a wholly-owned subsid-iary, whereas last year's fig-ures included it as an associated company loss of £600,000. Turnover in the seat wholesaling and tour operating divi-sion rose 53 per cent to £70.3m (£45.8m) while the operating loss fell to £2.8m (£3.1m), a 10

per cent decline. Directors have declared an increased interim dividend of 0.7p (0.6p). The loss per share was 9.09p (8.68p).

The pre-tax figure was struck after an exceptional debit of £987,000 (£588,000) which is made up of the write-off of aircraft introduc-

tory costs.
Directors said that the wholesaling and tour operating operations continued to trade well despite an industry-wide downturn in booking levels. "Whilst the performance so far is encouraging, it must be remembered that the full-year profits from tour operating are

dependent upon the success of the high margin months of the summer season so at this stage it is still too early to predict the final outcome," they

Alex Russell slips

Alexander Russell, which has interests in quarrying, coal recovery and concrete products, saw profits slip from £2.87m to £2.75m in the year to

Turnover rose to £38.9m (£36.5m). Earnings per share dropped to 6.01p (6.61p) at the basic level, and to 6.05p (6.55p) fully diluted. The final dividend is a proposed 1.5p (1.4p) to make 2.04p (1.94p) for the

TOP BRAND FUND INTERNATIONAL

(SICAV)
Registered Office: 10 boulevard Roosevelt,
Boite Postale 408,
L-2014 Luxembourg,
R.C. Luxembourg: B 23,652

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS The Annual General Meeting of Shareholders of Top Brand Fund International will be held at its registered office at 10, boulevard Rossevert, Luxembourg, at 11.00 a.m. on 25th July, 1989, for the purpose of considering and voting upon the

Agenda of the Annual General Meeting of Shareholders

To accept the Directors' and Auditors' reports and to approve the financial statements for the year to 31st March, 1989.

- To declare a dividend of US\$0.20 for the period to 31st March, 1989 as recommended by the Board, and to fix its date of payment.
- To discharge the Directors and the Statutory Audutor from their responsibilities for all actions taken within their mandates during the period to 31st March.
- 4. a) To ranfy the co-optation of Mr. Kohsuke Seto as a Director of the Fund b) Re-election of the Directors holding office at present. 5. To decide on any other business which may properly come before the Meeting

Voting Aryangements In order to vote at the Meeting-

- the holders of bearer shares must deposit their shares not later than 17th July, 1989, either at the registered office of the Fund, or with any bank or financial institution acceptable to the Fund, and the relative Deposit Receipts (which may be obtained from the registered office of the Fund) must be forwarded to the registered office of the Fund to arrive not later than 17th July, 1989. The shares so deposited will remain blocked until the day after the Meeting or any adjournment thereof;
- the holders of registered shares need not deposit their certificates but can be present in person or represented by a duly appointed proxy;
- shareholders who cannot attend the Meeting in person are invited to send a duly completed and sagned proxy form to the registered office of the I and to arrive not later than 17th July, 1989. Proxy forms will be sent to registered shareholders with a copy of this Notice and can also be obtained from the registered office.

6th July, 1989

To Holders of

The Nishi-Nippon Bank, Ltd.

U.S. \$70,000,000

2% per cent. Convertible Bonds Due 2003

Notice of Offer of Rights

Pursuant to sub-clauses (B) and (C) of Clause 6 of the Trust Deed dated 19th February, 1988, under which the above described Bonds (the "Bonds") were issued, notice is hereby given that the Board of Directors of The Nishi-Nippon Bank, Ltd. (the "Bank") at its meeting held on 26th June, 1989 resolved that the Bank ofter rights to its shareholders of record at 17.00 hours, Japan time, on 31st July, 1989 (the "Beauth Date") antilling them to approximate for 11 to the 1989 (the "Record Date"), entitling them to subscribe for (1.1 share of the Bank's common stock for each one share held at the subscription price of 480 Japanese ven per share. Such rights will be exercisable for the period from 6th September, 1989 to 18th September, 1989 (both days inclusive). The shares of common stock subscribed by the shareholders will be issued on 1st October, 1989.

As a result of such offer of the rights, the conversion price of the Bonds (currently 758.50 Japanese yen per share) will be adjusted, effective as at 1st August, 1989 which is the day immediately following the Record Date, pursuant to Condition 4(C) (ii) of the Terms and Conditions of the Bonds. However, the conversion price after the adjustment is at present not determinable, because it wil be calculated based on the number of shares of the Bank's common stock outstanding at the close of business in Japan on the Record Date. Further notice will be given of the adjusted conversion price.

The Daiwa Bank, Limited

THE NISHI-NIPPON BANK, LTD.

NEWGATEWAY PLC

RECOMMENDED FINAL OFFER FOR THE GATEWAY CORPORATION PLC **CLOSES 3.00 PM JULY 24th 1989***

I Newgateway is offering 242p in cash for each Gateway share **III**

Copies of the Final Offer document and forms of acceptance may be obtained from:

Samuel Montagu & Co. Limited **10 Lower Thames Street London EC3R 6AE**

N M Rothschild & Sons Limited New Court, St. Swithin's Lane **London EC4P 4DU**

'Newgetewey's Final Offer will not be revised or increased; however Newgeteway specifically reserves the right to extend its offer beyond July 24th, 1989. If Newgateway's Final Offer is unconditional as to acceptances on July 24th, 1989, the Final Offer will remain open for acceptances for at least 14 days thereafter.

way PLC ("Navagateway") has been approved by a duly authorised committee of the Board of Navagateway. The Directors of Newgateway are the paraons responsible for the information the best of the knowledge and belief of the Directors of Navagateway (who have taken all reasonable care to ensure that such is the case) the information contained herein is in accordance or

Distribution side helps Fitch Lovell to £32m

about 20 per cent.

The profits advance comes after only a modest 7 per cent improvement at the interim stage, and the shares gained 3p to 277p yesterday. The 1988-89 figures relate to a 52-week period, compared with the previous 53 weeks.

However, after a 30.5 per cent (28.5 per cent) tax charge, earnings per share stood at 24.31p. This compares with 24.21p in 1987-88 if adjustment is made for the £44m rights issue last autumn. The final dividend is 8.25p, making a

ERI, a newly-formed investment company owned jointly by Ensign Trust and La

Compagnie Financiere Edmond de Rothschild Banque, last

night announced a cash bid for

Aiva Investment Trust, a small trust specialising in unquoted

Throgmorton/Framlington sta-

ble. The bid of 314p per share val-

ues the trust at £5.49m.
It has been triggered by the

purchase by ERI of a further

22.5 per cent stake in Alva from Temple Bar Investment

Trust. Since ERI had already picked up a 27 per cent holding in Alva, the latest purchase -

it through the 30 per cent level.

MR BRIAN BROLLY, the

former managing director of

Really Useful Group, is planning to sell his 14.45 per cent

stake in the leisure company,

which he helped bring to the market in 1986, for more than

He has asked Swiss Bank

Corporation to sell his 1.6m

shares "at a premium to the

current middle market price of ing 30 per cent and 70 per cent 633p per share." Offers should of the company respectively.

FITCH LOVELL, the food manufacturer and distributor, yesterday unveiled pre-tax profits up from £27.8m to £22m in the year to April 29.

Turnover increased to £557m (£539m), although if disposed businesses are stripped out of the 1987-88 figure, the rise is about 20 per cent.

total of 12.25p for the year.

The sharpest trading improvement came on the distribution side, with Fitch now claiming to be the leading distributor to the catering market. Turnover on this front totalled £244.3m, compared with £190.5m in the previous about 20 per cent. totalled \$244.3m, compared with £190.5m in the previous year, and trading profit improved from £11.3m to

> Fitch said yesterday that UYC, the distribution business which it bought from Guinness for about £22m in October, con-tributed for six months and added around £500,000.
>
> It added that it is now inter-

grating UYC as rapidly as possible, and has so far closed six of its 28 locations. A further eight closures have been announced and will become effective over the coming months. The UYC head office

Cash bid values Alva at £5.5m

and obliges it to make an offer to all shareholders. Last night, ERI's advisers said that the intention was to

obtain a majority position in the trust, but that the quota-tion was likely to be kept. Assuming ERI gains control, it is likely that the manage-ment contract would be

switched away from Throgmor-

ton/Framlington. ERL, which was incorporated

in April this year, describes its main investment objective as

"developing long-term capital growth vehicles which will

invest in luxury and design-re-lated businesses in Europe."

It says that some of the com-

panies in Alva's portiolio meet these requirements. However,

Really Useful stake for sale

be submitted by July 26.

Yesterday, Really Useful shares jumped 25p to 660p. Mr Brolly agreed when he resigned last October not to sell his shares until April and received several inquiries about the stake before then.

Mr. Brolly, and Mr. Andrew.

Mr Brolly and Mr Andrew Lloyd Webber were the origi-nal owners of the group, hold-ing 30 per cent and 70 per cent

is due to close in On the specialist distribution of the specialist distribution side, the filue Cap subsidiary improved on its previous depressed performance, but has now been relaunched as Fitch Distribution Services,

absorbing the contract distribution activities of UYC.

On the manufacturing front, trading profits were £19.8m (£19m), with sales rising from £284.5m to £313.2m. Fitch reported good perfor-mances at its bacon-processing

and fish operations, but said the other meat businesses – Dixons, Ashmount, and Trent - showed a collective £3m reduction in profits on the previous year, although remaining in surplus overall. Restructuring has since

taken place. Property profits, taken above

its advisers concede that there

are significant parts of the portfolio which would not fit,

and various changes would be

made. Last night, Alva's managers

said that they would await the formal offer from ERI and advise shareholders then. How-

ever, given the recent build-up of the ERI position, the bid did not come as much

Last February, Alva's net asset value stood at 260.4p per

share. However, the trust said

last night that an end-May val-uation suggested 314.3p per share, while Datastream was

yesterday calculating the cur-rent position to be 317p per

They each sold roughly half their stakes at flotation in 1986.

Mr Brolly is still involved in

producing musicals, has started a theatre production company, ROSC Holdings, and is bidding for the licence to

operate a new London radio station, Classic FM.

Mr John Whitney, Really

Useful's managing director, hoped the sale would lead to wider ownership of the shares.

the line, were £1.1m (£1.3m). Interest charges took £2.06m (£2.35m) and, with the rights issue benefits, year-end borrowings were £8.4m leaving gearing below 10 per cent.

Mr Geoffrey Hankins, currently executive chairman and chief executive, will become non-executive chairman after reaching retirement age in December. Mr Bill Brown, managing director, is becoming chief executive with immediate effect.

Having disappointed the City at the interim stage, Fitch partially redeemed itself by coming in slightly abead of forecasts – distribution services, in particular, outdoing expectations. That said, Fitch remains a conundrum. Few pundits have any quarrel with the

fairly dramatic reshaping of the business which has gone on in past years — its move into fish, for example, and the position built up on the cater-ing market distribution side. day, and — unless the age-old bid speculation becomes reality — there seems little reason for

The question is when the industrial strategy will start to tell on the bottom-line. Fitch itself suggests that the benefits from an integrated UYC will not impact until 1990, and if forecasts of £37m-£38m pre-tax for the current year are correct, a further rise in the tax charge to 33 per cent and continuing impact of the rights issue may restrain earnings growth to little more than five per cent. The management suc-cession failed to excite yester-

the shares to depart from their 250p-290p trading range. Finance director quits as

MR NEIL McClure, finance director at FKB Group, who has spearheaded the sales pro-motion and marketing company's aggressive US acquisi-tion strategy, is to resign at the end of August.

The announcement of his

FKB advances to £8.8m

imminent departure came as FKB reported more than douoled pre-tax profits in the year to March 31 on the strength of first-time contributions from six purchases in the US.

six purchases in the US.

Pre-tax profits moved ahead from £3.74m to £8.77m on turn-over of £65.22m (£29.47m).

Earnings per share rose 41 per cent to 25p (17.72p). The shares fell 6p to 324p.

Mr McClure, who came from Saatchi & Saatchi in 1986, is believed to be leaving because FKB, which last made major purchases in September. purchases in September, intends to slow the pace of acquisitions.
Nevertheless, FKB said it

was exploring further US sales promotion and marketing acquisitions and planned to expand its direct marketing operations in the US and UK.

FKB said it planned to replace Mr McClure internally

and that a strong finance team was already in place. US operations accounted for about 40 per cent of gross profit in 1988-89, from nil a

year earlier. This is expected to rise to 60 per cent in the cur-

rent year.

All US operations showed gains except Focus, a Connecti-cut-based market services com-pany, which accounted for about 2 per cent of group turn-

A recommended final divi-dend of 5p makes 7p (5p) for

• COMMENT

After making a series of fairly large sized acquisitions, FKB shows signs of wanting to slow down a bit and focus on basics. while analysts believe smaller companies (especially a San Francisco base) are still targets, without Mr McClure FKB is unlikely to keep up the unusually active pattern of the past year. Still, significant US profit centres are already in profit centres are already in place, operating well and benefiting from currency exchange rates. Organic profit growth of 25 per cent seems likely. While the cost of renting an expen-sive new headquarters and an interest charge arising from the kick-in of earn-out clauses should trim income, prospective pre-tax profits of £13.75m would put the group on a pro-spective multiple of 10, against the historic ple of 13, which makes FKB attractive.

Dominion out of film insurance and into mortgages

vices, property and natural the moves yesterday as it unveiled pre-tax profits of \$5.44m in the year to end-March. The previous year's profits, originally announced at £6.6m, were restated at £4.87m. This was ascribed to the adoption of more conserva-tive accounting policies at the motor leasing business.

shares last year.
The initial consideration for York is £29m, to be satisfied by the issue to the vendors of £6.5m worth of Dominion shares and the balance in cash over two years. There is a fur-ther performance-related pay-

ment to a maximum of £12.9m.
The results were worse than expected in the City but the shares, apparently helped by a maintained dividend, fell just maintained dividend, fell just 5p to 75p. Turnover fell to 236.4m (£40m), and earnings per share, helped by a lower tax charge, worked through at 6.42p (5.61p). The final dividend is maintained at 3p, making 5.6p (5.5p) for the

York's principal source of income is fees from originating and servicing mortgages. Spe-cialising in originating and servicing mortgages for blocks of flats, it made \$8m in the last financial year.

Last month Dominion announced it was selling Guardian, its Hong Kong-based property management subsidiary, to Southwest Resources, its associate with interests in oil and gas. The sale gave rise to a profit of £3m.

However, as a result of low take-up of a rights issue made at the same time by Southwest, and underwritten by Dominion which was earlier reducing its stake in the company, has left Dominion with a 45 per cent

stake, more than double its previous holding.

A write-down of the holding was the main portion of a £2.5m extraordinary charge in yesterday's figures.

Dominion's property devel-opment operation in Spain was hit by a sharp drop in sales during the year.

Carlton talks | £25m US expansion spark rise for Dobson Park in Thames

share price

a friendly Cariton takeover.
By the close Thames shares were still up 25p on the day at 493p, and shares of several other large ITV companies moved up on the news. London Weekend Television rose 11-2p to 194p and Central, the second largest ITV company, gained 11n to 788p.

Some of those wanting to become broadcasters in 1993

may decide there is consider-able advantage in getting their "feet under the table" at this

Thames confirmed yesterday that it had been having informal talks with Carlton, which

came close to taking over the television company in 1985 when the deal was blocked by

the IBA.

It added, however, that yes-

It added, however, that yesterday's report in the Financial Times on exploratory talks about a possible takeover was "too prominent, too premature and too speculative". It should not be concluded that the talks would lead to a takeover.

takeover, Thames said.

Both Thames and Cariton emphasised that they were also having talks with other

companies. Thames said it was well

known that Thorn EMI and

ET, its two major sharehold-ers, "would not be unwilling to part with their holdings".

Thames added: "With that and the state of the industry

in mind, we have been having

informal talks. It is likely that

these will continue with a number of people." Mr Leslie Hill, managing

Mr Leslie Hill, managing director of Central, said yesterday he wanted to see the final shape of Government broadcasting legislation before taking decisions on the company's future.

Ms Bronwen Maddox, broadcasting analyst at stockbroker Kleinwort Benson, said the story of the talks and the share price rises were correct

"That is of enormous value to anyone starting up a fran-chise," Ms Maddox said.

work schedule.

By Raymond Snoddy

DOBSON PARK Industries is expanding its industrial electronics division with the \$40m (£24.7m) purchase of Elgar Electronics Corporation, a Cali-SHARES of Thames Television, the largest ITV company, rose 40p at one point yesterday, following news that the company had been having exploratory talks with Carlton Communications about the possibility of a friendly Carlton takeover.

By the close Thames shares fornian power supplies manu-

facturer.
Yesterday Mr Alan Kaye, chief executive of Dobson, which also has interests in which also has interests in mining equipment and engineering, said that, on completion of the deal, industrial electronics would account for about 40 per cent of group profits and mining equipment about 30 per cent, reversing the current position.

Doson has been keenly buying industrial electronics comond largest ITV company, gained 11p to 788p.

The movements reflected the realisation that a number of strategic alliances are likely in the run-up to the future auctioning of ITV franchises. The Government's recent announcement that it intended to strengthen the "quality threshold" which all potential hidders must pass would also tend to increase the chances of survival for the existing ITV companies.

ing industrial electronics companies over the past three years to usurp mining equipment, hit by dwindling demand from British Coal, as the dominant nant activity.

nant activity.

The Elgar acquisition is being financed by a vendor placing of 16.7m shares at 96p each, with clawback for existing shareholders on a four-for-25 basis, and the balance — \$15m - in cash. Dobson said it remained con-

fident about trading and expec-ted to pay a final dividend of 3.85p to make 5.75p (5.5p) for

Within the predominantly
US industrial electronics division Elgar will add a third product area, power supplies, to the sensors business of Transducers, acquired in December, and Revere, bought two years ago, and to the



Alan Kaye - looking to

vibration monitoring activity of IRD, bought in February

Mr Kaye said Dobson would not now be looking to branch out into any new areas although the aim of reducing mining equipment to about 25 per cent of the total portfolio might necessitate some add-on

purchases,
Eigar made pre-tax profits of
\$4.13m on sales of \$25.25m in
the eight months to end-May,
up from profits of \$2.35m on
tarnover of \$26.47m in the year to end-September. It emerged as a management buyout in 1986 and has since been exten-sively restructured.

GrandMet to purchase US optical superstore chain

By Nikki Tait

GRAND METROPOLITAN, the UK food and drinks group, is acquiring Eyelab, an optical superstore chain in the US. No price has been disclosed, but it is thought to be about £90m-

Pearle, the GrandMet subsidiary which represents the UK group's interests in the retail

optical market, may also sell Texas State Optical. It is starting discussions with various interested parties, including the company's management and members of its franchise community. TSO has more than 300 conventional eyecare stores - in general, smaller units - and might

GrandMet said the two trans actions were part of a strategy to upgrade US operations. Eye-lab, which is being bought from CNC Holding Corporation, has 72 superstores, in 12 major US cities. It has annual sales of about \$100m (£61.84m). By contrast, system sales at TSO, which has GrandMet's share plus those of franchisees,

raise about £48m.

are about \$75m. Once the Eyelab acquisition is completed and assuming the sale of TSO goes through, Pearle, with total sales of \$650m a year, will comprise compared to the sale of the sale o some 200 superstores and over 900 conventional stores.

June, 1989

DIVIDENDS ANNOUNCED

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. *fOn capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. •Third

ROBERT PEEL Chief Executive,

Mount Charlotte Investments Pla

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By Clare Pearson

By Clare Pearson

Story of the talks and the share price rises were correct in identifying the value in the bigger ITV companies. The twist in its labyrinthine history with plans to sell FFL Holdings, the film insurance company, barely a year after it was bought, and replace it with York Associates a New York York Associates, a New York

mortgage company.

Dominion, a financial ser-

Dominion said negotiations were at an advanced stage to sell 80 per cent of FFL to its more than it paid for all the

This announcement appears as a matter of record only.



Michelin Investment Limited

has purchased

National Tyre Service Limited

from

BTR plc



Bankers Trust International Limited

> acted as financial adviser to Michelin in this acquisition.

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WHILE SOME SAY WHY, WE SAY WHY NOT.

It takes understanding, vision, and often courage, to say 'yes'. Clients who come to us with a compelling vision of the future find that we can offer the creative response and financial strength of purpose they need to make things happen.

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This advertisement is issued in compliance with the requirements of the Council of The International Stock change of the United Kingdom and the Republic of Ireland Limited. It does not constitute an invitation to a person to subscribe for or purchase any new ordinary shares of 40 cents each.

GENERAL MINING UNION CORPORATION LIMITED (Incorporated in the Republic of South Africa) (Registration number 01/01232/06)

Rights offer of 19,602,932 new ordinary shares of 40 cents each at 7,500 cents (South African currency) per new ordinary share to the holders of ordinary shares, 8.5% variable compulsorily convertible cumulative preference shares and 12.5% unsecured subordinated compulsorily convertible debentures in General Mining Union Corporation Limited on the basis of 20 new ordinary shares for every 100 shares or debentures held.

Particulars of the new ordinary shares are available in the Extel Statistical Service, and copies of such particulars may be obtained during normal business hours up to and including 12 July 1989 from Company Announcements Office, The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, 46-50 Finsbury Square, London EC2A 1DD, and up to and including

James Capel & Co Corporate Finance 7 Devonshire Square LONDON EC2M 4HN Gencor (U.K.) Limited 30 Ely Place

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7 July 1989

This Notice does not constitute an offer of securities of New South Wales Treesury Corporation but does require action on the part of the holders of the Bonds referred to below. NEW SOUTH WALES TREASURY CORPORATION NOTICE OF ADJOURNED MEETING

A\$150,000,000

12.5% Guaranteed Exchangeable Bonds due 1993
thangeable into New South Wales Treasury Corporation
fuscribed Stock 12.5% due May 1983 payment of principal and interest gue THE CROWN IN RIGHT OF NEW SOUTH WALES

THE CKOWN IN KIGHT OF NEW SOUTH WALES

convend for 10.00 a.m. (London time) on 21st July, 1989

at the offices of Bain & Company (Securities) Limited, 5th Floor, 115 Houndeditch, London ECSA 7EU

Notice is hereby given that following the adjournment of the meeting of the holders of the above Boads (the "Boudholders") which was beld at 10.00 a.m. (London time) on 6th July, 1989, an Adjourned Meeting of the Boudholders will be held at the offices of Bain & Company (Securities) Limited, 5th Floor, 115 Houndeditch, London ECSA 7EU on 21st July, 1989 at 10.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of a fiscal agency agreement dated 21st March, 1989 (the "Principal Agreement") and a first amplemental fiscal agency agreement dated 2nd May, 1989 (the "Supplemental Agreement") both made between New South Wales Theasury Corporation (the "issuer") and Bankers Trust Company as Fiscal Agent (the "Fiscal Agent").

Extraordinary Resolution

"That this Adjourned Meeting of the holders of the cutstanding A\$150,000,000 12.5% Guaranteed Exchangeable Bonds due 1983 anchangeable into New South Wales (the "Bonds") of New South Wales Treasury Corporation (the "Issuer") issued pursuant to, and with the benefit of, a facel agency agreement dated 2nd May, 1969 (the "Supplemental Agreement") and a first supplemental fiscal agency agreement dated 2nd May, 1969 (the "Supplemental Agreement") both made between the issuer and Sankers Trust Company as Fiscal Agent (the "Fiscal Agent") hereby:

(1) sanctions the proposal (as described in the Notice convening this Adjourned Meeting) (the "Proposal") and assents to the modification of (a) the Supplemental Agreement by (i) providing for the convening of a single meeting of the Bondshidzer and holders of further bonds described in the Proposal and (ii) amending the terms and conditions of the Bonds set out in the Supplemental Agreement to sutherise the issue of further bonds as described in the Proposal and (b) the temporary Global Bond dated 2nd May, 1989 which currently represents the Bonds by graviding certification as to non-U.S. beneficial ownership for payment of interest on the Bonds prior to the Exchange Date (as defined in the temporary Global Bond);

(2) sanctions every abrogation, modification, variation, commencial or any angle of the Bonds are to the Exchange Date (as defined in the

(2) senctions every shregation, modification, variation, compromise or arrangement in respect of the rights of the Bondholders and the holders of the coupons relating to the Bondholders and the holders of the coupons relating to the Bondholders and the knowledge of the coupons relating to the Bondholders and the knowledge of the such modifications referred to in paragraphs (1) and (2) of this Resolution and, in order to give effect to such modifications, forthwith to execute and procure the execution of deeds substantially in the form of the drafts produced to this Adjourned Meeting and for the purposes of identification signed by the Chairman of the Adjourned Meeting."

The Proposal

The Issuer proposes to create and issue further bonds from time to time without the consent of Bondholdens so that the same shall be consolidated and form a ringle issue with the Bonds pursuant to an agreement supplemental to the Supplemental Agreement.

The Bonds are exchangeable into New South Wales Treasury Corporation Inscribed Stock 12.5% due May 1993 which feature the Issuer believes improves the liquidity of the Bonds. The Issuer considers that such liquidity will be further enhanced by the issue of further bonds which are similarly exchangeable. In the Issuer's opinion, the Extraordinary Resolution is consistent with the sim of improving the liquidity of the Bonds.

the liquidity of the Boads.

In order to facilitate the collection of interest prior to the Exchange Date by any person appearing in the records maintained by Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euro-cleer System ("Euro-cleer") and Centrale de Livraison de Valeurs Mobillères S.A. ("CEDEL S.A."), the temporary Globel floud will be amended to provide for certification prior to the payment of interest by such persons as to non-U.S. beneficial ownership. The issuer accordingly gives this Notice of the Adjourned Meeting of the Bondholders to request their agreement by Extraordinary Resolution to the matters contained in such Extraordinary Resolution.

The issuer considers that the proposed modifications contained in the Extraordinary Resolution, set out showe are feir and reasonable in the circumstances and, accordingly, the issuer strongly urges all Bondholders to vote in favour of the Extraordinary Resolution.

The attention of Bondholders is particularly drawn to the quorum required for the Adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Quorum" below.

Veting and Quorum

1. A Bondholder wishing to attend and vote at the Adjourned Meeting in person must produce at the Adjourned Meeting either the Bond(s) or a valid voting certificate issued by a Paying Agent relating to the Bond(s) in respect of which he wishes to vote.

A Bondholder not wishing to attend and vote at the Adjourned Meeting in person may either deliver his Bond(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified offices of the Paying Agent to appoint a proxy to attend and vote at the Adjourned Meeting in accordance with his instructions.

A Bondholder whose Bonds are held by Euro-clear or CEDEL S.A. and who wishes to obtain a voting certificate or give voting instructions may instruct Euro-clear or CEDEL S.A. to hold his Bonds to the order of a Paying Agent and to either obtain and insward a voting certificate to such Bondholder or give the Paying Agent the Bondbolder's voting instructions.

Bonds may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Euro-clear or CEDEL S.A. or any other person approved by it for the purpose of obtaining voting certificates, not later than 48 hours before the time appointed for holding the Adjourned Meeting Bonds so deposited or held will not be released until the earlier of (1) the conclusion of the Adjourned Meeting and (6) the surrender of the voting certificate(s) or, not less than 48 hours before the time for which the Adjourned Meeting is convened, the voting instruction receipt(e) issued in respect thereof.

2. The quartum required at the Adjourned Meeting is two or more parsons present in person not being the leasur. The Crown in Right of New South Wales, (the "Guarantor") or say subsidiary or nominee for either thereof holding Bonds or voting certificates or being provies whatever the principal amount of the Bonds so held or represented. (the "Guarantor") or any substitiary or nomines for either thereof accoung names or voting contained to represented.

3. Every question submitted to the Adjourned Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Adjourned Meeting or by one or more persons holding one or more Bonds or voting cartificates or being provise and holding or representing in the aggregate not less than one-faitheth in principal amount of the Bonds for the time being cutstanding. On a show of hands every person who is present in person and produces a Bond or voting cartificate or is a proxy shell have one vote. On a poll every person who is no present shell have one vote in respect of each A\$10,000 principal amount of Bonds so produced or represented by the voting cartificate so produced or in respect of which he is a proxy.

4. To be person, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Bondholders, whether or not present at such Adjourned Meeting and whether or not voting, and upon all the holders of the compone relating to the Bonds.

Decembers

The following documents are available for collection or inspection at the offices of the Paying Agants from the date of this Notice of Adjourned Meeting until the conclusion of the Adjourned Meeting,

(A) Documents available for collection by Bondholden:—

(I) woting certificates (in respect of Bonds deposited with, or held to the order of, a Paying Agant);

(II) voting instruction forms (in respect of Bonds deposited with, or held to the order of, a Paying Agant).

(ii) voting instruction forms (in respect of Bonds deposited with, or next to the crust to, a raying reposited with, or next to the crust to, a raying reposited with principal Agreement;
(ii) the Supplemental Agreement;
(iii) the Annual Report of the Issuer for the year ended 30th June, 1988;
(iv) the Treasury Corporation Act 1983 and the Public Anthoptics (Financial Arrangements) Act 1987;
(v) drafts (subject to modification) of the deeds to effect the proposed modifications.

Therefore Agreements

Piecal and Paying Agent Bankers Trust Company, 1 Appold Street, London EC2A 2HE.

nkers Trust Luxembourg S.A., P.O. Box 807, 4 Boulevard F.D. Roosevelt, L-2450 Luxembourg.

NEW SOUTH WALES TREASURY CORPORATION 7th july, 1989.

IF YOU ARE IN ANY DOUBT WHAT ACTION YOU SHOULD TAKE AS A CONSEQUENCE OF THIS NOTICE YOU SHOULD CONSULT YOUR USUAL FINANCIAL ADVISER.

Paying Agents

UK COMPANY NEWS

Abbey National releases details of PEP scheme

ABBEY NATIONAL yesterday announced details of a Per-sonal Equity Plan it is setting up for members receiving shares in next Wednesday's

The scheme has been hastily put together following a Government amendment to PEP rules on June 8, allowing them to include shares issued in in building society flotations.

No shares apart from
Abbey's may be transferred to
the PEP, which will be admin-

istered by NM Financial Management, and it will only be available until August 2. A minimum of 600 shares must be transferred. The set-up charge is £19.50, which includes stamp duty, VAT, and management charges for the

first year. Thereafter an annual charge

Kwik-Fit

Dutch side

KWIK-FIT Holdings, the

Edinburgh-based car parts spe-cialist, is nearly doubling the size of its Dutch retail network

with the purchase of Jan Van den Brock, an operator of 47 tyre and exhaust fitting cen-

Kwik-Fit already has the largest such retail network in the Netherlands, with 55 outlets, and Van den Broek is its

nearest competitor. Neverthe-less, Mr Tom Farmer, chair-man, said he did not

expect any regulatory

In 1988, Van den Broek

made pre-tax profits of Fi 532,000 on turnover of FL 44m. Both figures repre-sented declines from the 1987

results, reflecting a change in

management after the retire-ment of the company's founder

18 months ago.

Kwik-Fit plans to merge the companies' administration and take advantage of increased

purchasing power, but the

chains will continue to operate under separate names for the immediate future, Mr Farmer

difficulties

tres, for FL 44m (£12.75m).

expands

By Clay Harris

of 1.25 per cent of the fund value, plus VAT, will be made. A \$20 administration charge will be made if the plan is closed in the first two months The scheme appears to be of interest only to high-rate tax payers and to those liable to

ABBEY NATIONAL

capital gains tax, who are not likely to constitute a large pro-portion of the 5.6m Abbey sav-ers and borrowers eligible for free shares.

. Earlier this week Abbey announced its 2975m offer of

Various stockbrokers with choose-your-own shares PEP schemes are also offering spe-

extra shares to members had been 2.7 times subscribed. All applications for up to 600 shares are being met in full, but those who applied for 800 shares or more will all get a flat 775. Those applying as both savers and borrowers will be entitled to up to 1,550 shares.

• Abbey National is to join the FT-Actuaries Index with extra shares to members had Abbey National is to join the FT-Actuaries Index with effect from next Thursday. It will be joining at the closing price the previous day, the first day of dealings. It is not join-ing at the 130p Issue price for the extra shares because, unlike in a general offer for sale, Abbey's flotation has not involved the sale of shares other than to its savers and other than to its savers and

ments in the Investors Chroni-cle and the Daily Mail, which highlighted the previous career of Mr Stephen Morris (the com-

pany's founder) as a salesman at the controversial futures

brokers LHW and Empire Futures. This publicity was likely to affect the shares once

they started trading, it said.

"The underwriters started to get cold feet and some of the

market makers were reluc-

tant," said Mr Lucien Miers of Baynard Securities. However,

most of the underwriters had

expressed support for the pri-vate placing, he added. See Observer

Orbital fully subscribed but cancels market plan

By Vanessa Houlder

ORBITAL Communications, a cellular telephone rental com-pany, has cancelled its plans to join the Third Market, as a result of "market conditions and adverse press comment."

The decision was made despite the £3m placing being fully subscribed and permis-

sion being obtained from the Stock Exchange to start deal-ings on July 5. Orbital now intends to raise 23m through a private placing and it may seek a Third Market flotation in a few months time.

Its sponsor, Baynard Securities, said that the withdrawal followed some critical com-

Suter makes butterfly valve acquisition

By Richard Tomkins, Midlands Correspondent

Suter, the industrial and distribution group, has bought the Birmingham-based Charles Winn (Valves), a leading manufacturer of butterfly valves, from the Delta industrial group for an undisclosed sum. Net assets are put at £3.5m. Suter said the acquisition

would complement Suter's existing valve businesses at Hindle Cockburns in Leeds and Hindle Hamer in Houston,

In a separate move, Suter has bought Janet Poynton Salon Supplies, a hairdressing supplies wholesaler with three cash-and-carry stores in Lincolnshire. Net asset value of the business is put at £250,000. Suter now has 19 such stores in its Embassy Cash & Carry subsidiary.

Buy-out at **Jarvis Porter** division

Jarvis Porter, the printer and label and packaging maker, is selling the business and cer-tain assets of its flexible pack-aging division to Parkside Flexible Packaging, a newlyformed company in which Mr MG Stewart, managing direc-tor of Jarvis' flexible packag-ing division, has a sharehold-

Total consideration is about 2326m, subject to a valuation of stock and work-in-progress. Some £2m will be in cash on completion and about £419,000 in cash following the valua-tion. A further £500,000 will be

paid six months after comple-Mr Stewart and two other members of the management buy-out team, Mr D Stones and Mr B Parkin, are directors of a Jarvis subsidiary, and together hold 33 per cent of the issued share capital of Parkside.

Security Archives at £0.92m

On the back of a 31 per cent improvement in turnover to £3.65m, Security Archives (Holdings), a USM-quoted provider of secure storage and property investment, achieved a profit increase of £217,000 to £922,000 pre-tax for the year to

The directors said the profits rise reflected the improvement in turnover and a continuing strong market for the com-

pany's services. Earnings edged ahead by 0.80 to 11p and the dividend for the year is being stepped up from 2.4p to 5p via a final of 3p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividence. Official indications are not available as to whether the dividends are intering or thats and the sub-dividence shown below are based mainly on last sets? A frestables. TODAY

July 10 July 13 July 26 July 26 July 18 Aug. 3 Aug. 2

Peel continues to absorb Ldn Shop as profits double

By Paul Cheeseright, Property Correspondent

PEEL HOLDINGS, the property group controlled by Mr John Whittaker, nearly doubled pre-tax profits and lifted its net asset value per share by 17 per cent in 1988-89. The group, which is still absorbing its \$304m acquisition absorbing its £304m acquisition of London Shop, saw its abares rise 2p to 281p in response to the amouncament yesterday.

Net asset value, reflecting the purchase of London Shop, a £121m rights issue and the general firmness of the property market, rose from 339p to 305n per share in March 1988.

395p per share in March 1988. Pre-tax profits for the year to March 31 were £20.16m compared with £10.27m previously. Fully diluted earnings per share rose from 17.64p to 28.7p.
The final dividend for the year is 7p, bringing the total to 10p, against 5.25p for 1987-88.

Peel now has gross property assets of £766m. The acquisition of London Shop broadened its portfolio both geographi-cally and in terms of property type. Retail parks account for 23 per cent of the capital value, town centre retail 14 per cent and mixed property 13 per

London Shop contributed 63m to pre-tax profits, but rental income accounted for two thirds of earnings. Like other property companies Peel

has been able to benefit from higher rents coming through at review. But the sharp increase in profits is also partly attrib-utable to an increase in prop-erty trading. Investment properties with a total value of £44m were sold.

Mr Whittaker noted that the the last three years had been exceptional for the property market and warned that "the present unsettled economic times mean that the immediate future is unlikely to be critical." future is unlikely to be quite as

O COMMENT

Like its peers, Peel has had a decent year but it is finding London Shop with its scattered portfolio a tough morsel to swallow. There will be nothing flashy about the current year. The group is heavily exposed in the temporarily unfashion-able retail sector, which will not do much for its share price. It is consolidating, with the main object of getting gearing back from 105 to around 90 per cent and cleaning up its portfo-lio. There is nothing in this to suggest it will be a sector high flyer this year, but its net asset value should climb to around 455p per share, which puts the current market price at a dis-

Aberfoyle raises profits 56% and calls for £1.1m

ABERFOYLE HOLDINGS, the Zimbabwean farmer, garment maker and property investor, reported a 56 per cent increase in pre-tax profits from £1.87m to £2.92m for 1988.

The company also announced a rights issue of one-for-11 shares or warrants of 4.07m new ordinary shares at 30p per share to raise £1.07m net of expenses.

Crescent Africa, with a 27 per cent holding in Aberfoyle, expressed its concern over the delayed results and Mr Kojo Nyantekyi, founder and chief executive of Crescent, said that shareholders had been given no indication of how the results had been calculated. In the past, he said, the figures had been lifted both by nondistributable profits from the disposal of investments in Zim-

Aberfoyle's fundamental problems, he added, and pointed out that the company had not paid a dividend since it was reconstituted in 1984.

count of 38 per cent.

Turnover was £7.66m (£7.09m) and after tax of £645,000 (£278,000) and minorities of £854,000 (£608,000), earnings per share advanced to 3.18p (2.33p). Aberfoyle said the rights issue would reduce short-term

pressure created by fluctua-tions in timing of remittances from Zimhabwe and the uncertainty over the timing and nature of the participation of the Zimbabwe Government in the Mwenezi Oil Palm Project. Mr Brian Igoe, also on the board of Crescent, has resigned as a non-executive director. Aberfoyle takes the view that proposals put forward by Cres-

babwe and by the capitalisa-tion of interest. The rights issue did not begin to address cent are an attempt to gain management control without a Hawthorn dials up deal

By Vanessa Houlder

HAWTHORN LESLIE Group. the USM-quoted industrial holding concern, has agreed to buy Reverbel, a French retailer of mobile telephones and car accessories, for FFr 12.7m

(£1.23m). Reverbel is based in Marseilles and operates through 12 outlets in the south of France. It is now in the course of buy-ing new outlets in Paris and other major cities in France. In 1988 it made a pre-tax profit of

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FFr 603,000 (£58,000) and it has net assets of FFr 4.9m (£473.000).

Hawthorn Leslie has interests in electrical distribution, packaging, telecommunications and consumer electronics. Following its purchase of ECT Celtular and London Car Telephones last June it claims a subscriber base of 44,000. In March this year it bought Pinnacle Cellular, a Scottish Vodafone service supplier.

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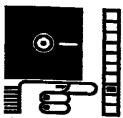
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On average one new science park opens every week around the world. As a base for high-tech R & D,

they have proved a big success. Even the current property downturn is unlikely to deter further growth in this specialised sector, reports Clive Cookson, Technology Editor

An all-round success story

FROM the viewpoint of higher education, technology policy or property development, science parks have been one of the

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At the end of the 1970s the world had only a couple of dozen science and technology parks. About half were in the US, following the lead of California's pioneering Stanford Research Park (the heart of Silicon Valley), Research Triangle in North Carolina and Route 128 in Massachusetts. France and Belgium had seven "technopoles" between them. And in the UK Cambridge Science Park and Heriot-Watt University Research Park (Edinburgh) were still struggling to get established.

Now there are several hundred science and technology parks worldwide, and an average week sees the opening of at least one new park somewhere in the world. As this survey will show, their character varies greatly from place to

place.
Estimating the number of parks depends very much on what you count as a science park. Since the science park movement has been bedevilled by contradictory definitions, it is probably just as well to get these out of the way here.

A good expression of the tra-ditional Anglo-American view the founder of Cambridge Sci. ence Park: "A science park is a collection of high-technology industrial companies or research institutes in attractive, well landscaped surroundings, developed to a very low density, situated near a major university – and enjoying sig-nificant opportunities of interchange with that university. It is a means of bringing suitable industry and applied research close to the sources of scientific progress. By this standard, there are

still well under 100 science parks worldwide. In the UK, the University of Warwick Sci-ence Park and Surrey Research Park have emerged during the 1980s as successful examples of this type of landscaped univer-

But many other successful UK science parks would not pass the Cambridge test, because they are inner city developments and do not have space for "well landscaped surroundings developed to a very low density." South Bank Technopark, which packs 58 companies into a 1.7 acre site near the Elephant & Castle in London, is a good example.

Under construction of tenents 13,000 21,500 Antrim Technology Park 58,100 West of Scotland Science Park, Glasgov 77,500 Stirting University Innovation Park 0 ****O***O ham Technology Pari 2,700 Mersevside Innovation Centre, Live 25,000 Manchester Science Park 25,000 44,000 19,400 33,700 O, Keele University Science Park 23,200 lensi Technology Enterprise Centre, Bango 107,600 0 00 **!O** Highstelds Science Park, Nottingham University 0 2,800 0 0 339,000 690,000 50,000 156,400 Univ. of Birmingham Rese 35,000 Brunel Univ. Science Park, Uxbridge 84,000 0 72,400 0 Kent R & D Centre, Univ. of Kent, Ci 0 101,300 search Park, Univ. of Surrey, Guildford 310,000 81,000 Cardiff Business Technology Centre 17,200 ea Innovation Centre, Univ. College

ation (UKSPA) has a definition that fits 38 British parks. It says that a science park "is a property-based initiative

Operational science parks in the UK

has formal and operational links with a university or other higher educational institution or major centre of research: is designed to encourage the formation and growth of knowledge based businesses and other organisations normally esident on site;

a management function which is actively engaged in the transfer of technology and business skills to the organisations on site." By ignoring the physical appearance of the develop-

ment, the UKSPA definition certainly allows the most unparklike urban "parks" to qualify. But it would not be appropriate in many countries outside the Anglo-Saxon world, such as southern Europe where the French technonole or technopolis is the favourite

ence park. Its emphasis is very much on stimulating regional economic development by attracting the research and development activities of large established companies. Until recently there has been little or no emphasis on generating new companies, encouraging technology transfer or developing links with the local univerearch institute.

Mr Dick Porter, the science park specialist at management ultants KPMG Peat Marwick McLintock, has a set of brief definitions which apply more generally outside the UK. He distinguishes between: "innovation centres, which are small developments with limited space geared to start-

sites adjacent to a higher edu-cation institution, suitable for both new and established knowledge hased enterprises: research parks, which are The typical technopolis is on but may have a greater range

with less obvious connection to educational establishments; ■ technology parks (or techno-poles) which are large areas where knowledge-based activities are concentrated and where technology transfer links with higher education institutions are often tenuous. In practice, of course, the barriers between Mr Porter's four categories are fuzzy, and many parks pick the "wrong"

Whatever working definition is chosen, there will always be vusiness parks outside it, calling themselves science or research or technology parks in an effort to take advantage of the successful and progressive image that these words create. In fact these are often just upmarket commercial property developments. They may indeed be better landed than many true science parks but they have no formal links with a research centre or educational institution and do

not attempt to promote tech-

In parts of the world where science parks are flourishing, there has been a parallel boom in business parks during the past five years. But most true science park operators believe that their developments are more likely to succeed commercially in the long run, if they make sure that all tenants are involved or associated in some way with research and

As Dr Tom Broadhurst, chief executive of Manchester Science Park, told a recent UKSPA conference, it appears from the US experience that the commercial failure rate is much higher among business parks "which have tried and failed to latch on to the science park image" than among real

science parks During the science park boom of the past six years uni-versities in the UK have generally been in a strong enough position to keep their parks pure. But as Mr Harry Nicholls, managing director of CONTENTS

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Business perks; Property

Advisory Centre

Europe Profile: Cambridge Science Park 4

the growing demand for space Mr Arthur Rimmer, UKSPA chairman, says that a recent survey showed "most parks substantially full, most planning extensions with a large proportion of pre-lettings, and most taking in new tenants."

During the three years to the end of 1988, both the total amount of space let to UK science park tenants and the amount under construction doubled - from 1.5m sq ft to 3m sq ft and 600,000 sq ft to 1.2m sq ft respectively. At the same time there was a dramatic fall in the area built but not occupied, from 390,000 sq ft to 140,000 sq ft.
Looking to the future.

UKSPA knows of a further 18 science parks at various stages of the planning process—which could presage a further wave of new openings in the early 1990s. Among the proposed developments are eral plans to give Oxford its first science park.

The most ambitious proposal is Emersons Green, a joint project by Bristol and Bath universities in association with ous property and finance com-panies, to build a US-style science park on 500 acres just off the M4 motorway, designed to attract the research and development centres of major companies. The \$500m project would comprise 3.25m sq ft of office and laboratory space as well as associated shopping and leisure facilities, 300 houses and flats and a hotel

was not easy during the first two years before his park in

the middle of Birmingham

became established as a desir-

able location for science-based

the courage to say No to people if you have a lot of empty

space. There's a lot of pressure

to take anyone who can remotely be justified as high technology," he says. "But the

key to success in a genuine science park is not to compro-

mise on your high technology

In both the US and UK the

mid-1980s were the great period

for opening new science parks. Britain had three operational

science parks at the end of 1982

and 28 at the end of 1986. Since

then the pace of opening new

According to UKSPA, there are now 38 parks in operation

Even during the current hall in

openings, many existing parks

are expanding rapidly to meet

parks has slowed down.

"It's very difficult to have

The consensus view in the science park movement seems to be that the UK could comfortably take a total of 50 to 60 parks. That would allow most universities to have a park ~ and leave a few over for polytechnics, government res establishments and perhaps one or two major companies (following the lead of ICI which has set up Belasis Hall, a suc-cessful technology park alongside its huge petrochemicals

complex on Teesside). Science park operators are confident that they are well placed even to withstand bad times ahead. "With the downturn in the property market which I think everyone can see coming, science parks will their special characteristics. says Dr Tom Broadhurst of

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HAREFIELD medi parc

Harefield Hospital, which houses the world's largest heart transplant programme, is now to become home to Britain's first medical science park, to be known as Harefield Medi Parc. Over 140,000 sq ft of high quality buildings designed specifically for occupation by the world's foremost medical research and development companies, is to be constructed on 25 acres within the existing hospital boundaries.



A famous name once synonymous with motor racing and aviation, Brooklands is now poised to enter a new era as the home of one of the UK's finest business communities. Located in Weybridge, Surrey, this site of 350 acres will provide over one million sq ft of business space, quality housing and a retail development to serve the needs of the



Southfields Business Park in Basildon occupies a site of 13 acres and is the first of the new generation of business parks to emerge so far in Essex. Advance phases totalling 60,000 sq ft are now under construction which will provide business units from 3,000-10,000 sq ft. Options are also available for purpose built phases from 15,000 sq ft.



Interface is located only 3 miles from Swindon and maximises the benefits of excellent communications and a superb outof-town location. Already home to St Ivel's new 46,000 sq ft head office and Allied Dunbar's 121,000 sq ft Logistics centre, Interface is clearly a prime M4 option for relocating businesses. Trafalgar House Business Parks' comprehensive package of services can be combined with complete flexibility on purpose built schemes covering the remaining 15 acres.



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'Let there be parks' said the planners

IN THE beginning were science parks. And these begat technology parks, which begat research parks of all and var-ied kinds; which begat office parks that called themselves campuses. And the face of the land was thick with parks, and the developers saw this was

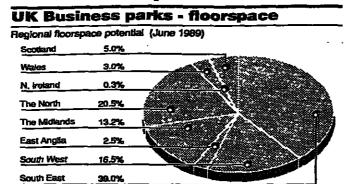
When business parks emerged from all this begatting and their ilk had been a bit of a problem. They tended to be for small, start-up busines where academics could work up their ideas in a semi-com-mercial climate. These technicians wanted smallish premises on short leases which could mix-and-match uses like offices, laboratories and storage - with perhaps a little light manufacturing

That is not what property investors wanted. They hun-gered for familiar buildings let on 25-year leases to companies with a few years' profit figures to prove they can provide a safe stream of rents in future. Mixing all those activities was impossible anyway under the noses of planners suspicious of losing industrial space to

The label was the one thing they coveted. "Science park" sounded new, vibrant and modern: a marvellous sales gimmick. So a plethora of these labels were slapped across every scheme which could boast a high-tech connection. In some, that connection was so tenuous that it merely

related to the high-tech look of brightly painted buildings. But tenants were being attracted by the cartload. Driven out of town centres by congestion, staff shortages and high rents, the most unscientific companies were drifting to parks set in greener pastures. These cocked a snook at planners, aping the science-based companies by switching and changing the way they used buildings for offices and manufacturing. Some became almost pure offices.

This was a mutation among all the begatting, and led to developers dropping the science label in favour of a more honest description. They called it business space. The dam finally burst when the Govern-



ment revolutionised planning controls a couple of years ago and swept away the barriers between office, research and industrial uses. Sites of old factories could now be transformed to rapidly expanding service industries.

UK total: 224 million sq ft

It is fashionable to label every development as a business park, although this can be economical with the truth as the bad old days of pseudo-

Science park sounds new and modern; a fine sales gimmick

science parks. The problem is that there is no-one to set a definition in the way the UK Science Parks Association has name-taped its children.

Almost every pocket of modern development outside a town centre claims the pedigree. But developers are also thinking big: more than 50 parks of 1m sq ft and above are planned, according to Mr Andy King, who has made a special study for research group APR. This has helped rack up the astonishing UK total of more than 190m sq ft of space being promoted as busine more than the total existing office space in central London.

Comparison with offices rather than the industrial space that business parks were first designed for is quite apt. The most modern schemes directly compete with town centres, and sometimes boast the same rent levels. A state-of-the-art develop-

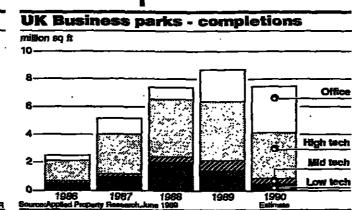
ment such as Thames Valley Park outside Reading will boast of Digital's plans for a 500,000 sq ft headquarters, while Stockley Park near Heathrow, the acclaimed market leader, has pulled in Con-trol Data and Toshiba. But these are not all research laboratories and manufacturing buildings. Sections are certainly devoted to servicing, distribution and research, but they are predominantly highly sophisticated administrative

Pure office companies are increasingly attracted to these centres because they can live comfortably next to such manufacturing that still takes place Producing a computer is hardly more disturbing to eighbours than operating one. The attraction is mainly to "back-office" operations.

These can be easily shuffled off by large groups which keep a head office in town. Rents are lower but the buildings can take all the new technology required. And most important staff are easier to attract because of the parking and proximity to home of an edgeof-town park.

This attraction is beginning to work up the seniority ladder, however, and it may not be long before regional and head office operations more used to the high street are spinning off to business parks as managers become harder to attract into city centres.

A year ago surveyors Healey & Baker found that up to 35 per cent of the UK's business space was being taken by accountants, insurance and



financial companies and pro-fessionals. Since then the moves have accelerated. Pioneers in this diaspora, according to APR, include Barclays Bank to Westwood Park, Coventry, and the Pearl and Royal Heritage Assurance companies to Peterborough Business Park. But they are doing no more than emulate giants such as IBM, which created their own "parks" with massive headquarters on greenfield

The rest of Europe is set to follow this pattern but is currently repeating the confusion which dogged the UK. Amster-dam and Paris have their offcentre office campuses, southern France its techno-poles and Spain its technology parks; but nowhere is there a "real" business park fitting the definition offered by agents such as Mr Andrew Burt at

Jones Lang Wootton. He sets an ideal derived from patterns imported from the US to match changing business patterns and implemented by UK schemes like Stockley and Thames Valley parks. The "real" business park is on a greenfield site of more than 25 acres (10 hectares), close to main national roads and airports, with high-class multistorey buildings in landscaped surroundings and generous

car-parking.
This may seem over-enthusiastic for an ideal, particularly on some successful UK office campuses which fail to qualify because they do not have a wide spread of uses nor a variety of ancillary services such as leisure and shopping to

attract staff. Others are disqualified for being too small to create the momentum for

self-sustaining growth - but they are still growing.

And as long as the tenants

like what they are getting, why should it matter whether an ideal is met? There is the rub, because with an average of four developments emerging each week in the IIK tenants will soon be

spoiled for choice. Mr King at APR says only the best will attract the top payers needed to make them viable, particu-larly the office tenants which must be drawn out of city cen-

Smaller schemes will work where they have a special func-tion such as relieving congestion in provincial town centres. But they also need special attractions. In Cardiff, for instance, John Coombes at Gooch & Wagstaff is brimming with confidence over a 16-acre park which may include a 150-bed hotel - a concept tried and tested in the US. But APR sees a shadow hanging over most parks with a rag-bag of buildings and poor services.

That message could apply right across mainland Europe, where UK developers like Higgs & Hill, LET and Slough Estates are building up a lead before the local competition learns that there are fundamental differences between science and business parks.

That took a while to sink in back in the UK. In fact there are still some signs of confu-sion, as local authorities and developers try to cover a every option with flashy marketing and high-tech labels. Only when they fail to attract either scientists or businesses will they realise they are building the worst of both worlds.

PROPERTY

Widening activity

THE SLOWDOWN in activity perceived in some areas of commercial property develop-ment appears to have left untouched the emerging partnership of corporate sponsors and professional property companies in the field of science parks and similar high-technol-

ogy property projects.

While the pace of openings of science parks in the UK has slackened, this can be ascribed to a natural slowing down from the boom years in the mid-1980s when the concept was still relatively new to Britain rather than to any loss of faith

Newly-planned science parks may be finding it a shade more difficult to attract commercial sponsorship but this is a prob-lem shared by all investment projects at present. Existing parks appear to find no prob-lem in attracting funds for the planned expansion of projects. The Surrey Research Park originally planned in 1984 and opened two years later, is mov ing into Phase Five of its devel-opment phase, which will be completed in 1994 when 50 per cent of the project will have been carried to fruition. The park has stuck to its original definition that only clients involved in research and design are acceptable. Dr Malcolm Parry, of the Surrey Research Office, reports that a high proportion of new space is

taken up readily by existing corporate residents of the park. Previous phases of the Surrey development have been largely pre-let and Dr Parry sees no slackening in the pace of interested potential corpo rate partners or commercial tenants.

The success of the science park phenomena has brought to more than 40 the total number of parks recognised by the UK Science Park Association (UKSPA) and the number rises sharply if account is taken of the many similar but esse tially imitative projects which have followed down the same

Definition is a difficult matter, the Surrey Park includes a 120 bedroom Post House Hotel at Guildford which is essentially part of the park's infra-structure. Many technologybased parks now take account of such opportunities, and of the requirement for such facilities by high-technology compa-nies which are often, almost by

definition, internationally ori-

ented. The science park con-cept has its roots in the US, where commercial sponsorship has a longer history of partici-pating in research-based or academic campus develop-

ments. A review of science parks and high technology developments carried out by Drivers Jonas earlier in the decade drew attention to the discrepancies between the US and the UK experience. On the other side of the Atlantic, the initiative for the formation of science parks lay largely with the universities, in contrast with the UK where the universities were less prominent at first. At the same time, US science parks were usually very large, offering greater opportunty for research, development, market-ing and even manufacturing

Parks appear to find no problem in attracting funds

operations to settle down in proximity. The pressures on UK universities to commercialise research and to seek out business sponsorship is likely to provide a spur to science park development; but it will also increase the pressures to accept companies with manufacturing, as well as research

and development interests. Among projects reporting significant property offtake has heen the Birchwood Science Park at Warrington Cheshire. The town stands as a good example of the marriage of commercial and research needs. It has been fuelled by its geographical position close to the hub of good road communications and benefited from the high degree of publicity generated by some early entrants to

the new corporate area. Since the beginning of last year, Birchwood, which was developed by Warrington and Runcorn Development Corporation on a long lease with funding from the NCR Ltd Pension Plan, has successfully proceeded with the letting of stage two, known as Birchwood Bou-

MBS plc has paid £61,000 per annum for about 8,000 sq ft on a lease expiring in 2011; ICI's International Electronics subsidiary has paid £28,620 for a lease on 5,480 sq ft of office

and commercial centre. At Risley Science Park, also in Warand Stratus Computers have both taken offices.

At Abingdon Business Park, sometimes called Oxford Science Park, Standard Life, the owner, has completed the final lettings at Windrush and Hitchin Court at about £10 per sq ft to a clutch of tenants including Central TV and Research Machines Ltd.

These and many similar developments bear out the changing image of the UK science park. While high technology research and development associations may play the lead-ing role in setting a science park on its feet, further development encompasses a wider range of activity. The provision of test bed facilities for computer research is often only a small step from full manufac-

At Solent Business Park, for example, where the aim is to build a low density campus environment, the most promi-nent feature of recent letting has been the acquisition of 105,000 sq ft by Digital Equipment, which has agreed terms on a further 75,000 sq ft. However, there has also been significant offtake by a variety of tenants ranging from Willis Faber, the insurance broker, to Société Générale de Belgique. of smaller office units perhaps s immediately identifiable as high technology usage.

The Drivers Jonas report discovered that commercial support for science parks leaned more heavily on such factors as proximity to an international airport than even the availability of university sup-port. From that basis, it is not difficult to argue for the inclusion of good quality hotel and restaurant facilities in a science park, and indeed, many new projects will offer such

The trend towards science parks linked to industrial was spotlighted by the opening last year of Belasis Hall Technology Park, next door to ICI's Teesside chemical complex. Its early success indicates that in the changing climate for university-based research, it may have pointed the way to the

Terry Byland

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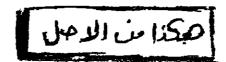
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SCIENCE AND BUSINESS PARKS 3

Charles Batchelor on park tenants' difficulties in raising finance

Uncomfortable partnership

THE high technology-based companies which set up on Britain's science parks and the venture capital industry should be made for each other. Who else will be able to provide the high returns which are sought by the venture capi-talists if it is not the compa-nies developing the technolo-gies of the future?

Sadly, science park tenants have a poor record of raising venture capital finance and a aundiced view of the venture funds. Only 3 per cent of science park companies use ven ture capital to get started and only 8 per cent take in second stage venture finance once

they are established.

Many science park companies look on venture capital more as 'vulture capital,' acknowledges one financier. They see the venture capitalist as seeking the maximum stake in their company for the mini-mum level of investment.

Venture capitalists undoubtedly do drive a hard bargain with their investee companies. But the financiers attribute part of the problem to the academic and technical background of many of the founders of science park companies. This can make the company founder suspicious of the com-mercial motives of the venture

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capitalist and the venture canitalist, in turn, suspicious of the management abilities of the people he is being asked to back.

A second important reason for the failure of science park companies to attract much venture capital funding is the distance of many of the parks

many venture capital companies on technology-related investments in the early 1980s have made many investors wary of backing technologies they do not understand.

Investments in technologyrelated companies fell from 16

investments in 1987 to just 9 per cent last year, according to the British Venture Capital

Association. But the outlook

for small high-technology com-panies is not completely bleak.

The venture capital industry

and the government are both

equity funding for what is a

Lord Young, Trade and Industry Secretary, recently

called for venture capitalists

and the banks to invest more

in high-tech businesses. The government has committed

Awards for Research and Tech-nology (Smart) scheme over

the next three years. This is too little, in the view of some

critics, but it will help about 150 small businesses or individ-

nals a year to develop ideas

which could not tap conven-tional sources of finance.

added his voice to those calling for more backing for small and high-tech businesses. With the exception of the Smart scheme

neither the government nor

the universities had organised systemic help or tackled the fundamental issues facing

innovators, the Prince told the British Venture Capital Associ-

The association is working

on a plan to create new seed

capital funds of between £5m

and £10m each to specialise in

particular sectors such as hio-

sciences and medical products. It also hopes to persuade large

City investors to allow the venture capital funds in which

they invest to set aside part of their funding for seed capital

Despite the urgency of these efforts to increase the avail-

ability of seed capital finance

ation's annual dinner.

Prince Charles last month

om to its Small Firms Merit

crucial sector of industry.

Science park tenants have a poor record of raising venture capital finance and a jaundiced view of the venture funds

from the main sources of venture capital in London and the south-east.

Hatt Science Park Investments, a fund set up by Ham-bros Advanced Technology Trust (Hatt) to invest £1m in science park companies in 1988, has encountered little competition from other national venture capital funds in its trawl for attractive investments, according to Mr Alexander Anton, investment

But the problems that science park companies face in raising equity finance are only part of more far-reaching difficulties affecting small companies in general and high-techcompanies

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Bernard Thorpe

particular. The losses made by not dried up entirely. True, the bulk of new fund-raising by venture capitalists is intend to finance their passion for management buy-outs and buy-ins. But a number of more modest funds have been raised specifically for technology pur-

poses in recent months.

Korda and Company, a business and technology consultancy, announced a £5m seed capital fund to invest in technology-based start-ups in March. The Korda Seed Capital Fund plans to invest in up to a dozen start-up companies over the next five years in fields such as health care, bio-tech-nology, advanced materials and information technology.

A further small boost for technology investments came in May with the creation by Greater London Enterprise, a business development agency owned by 13 London boroughs, of a £250,000 fund to provide seed capital for technologybased start-ups. The Kick Start Technology Feasibility Fund will invest amounts of between £5,000 and £25,000.

The banks too are increasing their involvement in high-tech companies despite doubts about their ability to operate in such a high risk field so far removed from the conventional banking area. Barclays Bank has for some time made a spe-ciality of helping such companies but is now being emulated by the other large banks. National Westminster Bank

has created a special Technology Unit, comprising managers trained to understand the problems of technology-based businesses, and set up a new Seed Capital Loan Fund to provide finance. The fund will make loans of between £5,000 and £50,000 to help fledgling busi-nesses research and develop as and products, Despite these signs of a modest revival of interest in

start-up and technology-based businesses the venture capitalists and the banks are proceeding with caution. Of the six investments which Hatt has made since it set up its science park fund two have failed to perform and have had to be sold on at cost. Science park companies should be ideally placed to benefit from local networks of advice and assistance but even they are not immune to the problems which can overwhelm the small busiMERSEYSIDE INNOVATION CENTRE

An inner city option that runs counter to current trends

eracy, the Shell-sponsored

industry and to develop "the idea of enterprise" among

IF Cambridge represents one extreme of the UK science park movement – in terms of its size and character as a extensively landscaped devel-opment with few central management services — Mersey-side Innovation Centre is a good example at the opposite

good example at the opposite end of the scale.

Its 15 tenants share a two-story 1950s brick building, originally Livarpool Univer-sity's nuclear physics depart-ment, on a two acre site in the shadow of city's Roman Catho-lic Cathedral.

But MIC's who are a warridge.

But MIC's role as a provider of accommodation to young science-based companies — in other words its traditional science park role - is subsidiary to its outreach function, giving advice and technical assistance to small companies throughout Merseyside.

"Over the last three years we have helped about 1,000 individuals or companies says Mr Arthur Rimmer, MIC executive director.

"Demand has been increasing greatly both in terms of quantity and in terms of the type of assistance requested, and the centre has been under

and the centre has been under-going a process of rapid organic growth."

MIC was set up in 1982 as a joint initiative by Liverpool University, Liverpool Poly-technic and Merseyside County Council. Mr Rimmer says its primary purpose was and still is to act as a regional development agency help regenerate the regional economy through technology." A second objective is to strengthen the links between the higher education establishents and local indu

The core of MIC's work is the technical advisory service. This helps clients both to solve specific technical problems and to develop new business opportunities, innovations and inventions. "Our prime task is to identify the relevant package of technology required in each case and foster the transfer from the owner of the technology to the recipient, to their mutual benefit," Mr Rim-

mer says. Recently MIC has expanded its technical support service into areas of marketing and training, and it is planning

further extension into a finan-In addition there are special cial advisory service. The activities, such as advising training programme, which Merseyside companies on qualhas grown particularly fast ity assurance. this year, includes YTS courses in basic computer lit-Although MIC has Il

full-time staff, much of the advisory work is done by out-side experts. "We hire a whole STEP programme introducing undergraduates to small comhost of part-time consultants panies, the Manpower Services from the university, polytech-nic and elsewhere," Mr Rim-Commission-sponsored Graduate Gateway programme mer says.
The centre's own tenants introducing graduates to small companies, and special train-ing programmes for individual companies. MIC is also working with the university to retrain graduates working in

cover a wide range of activities. The largest is Liverpool University's Environmental Advisory Unit - now established as a limited company - with 27 employees. Another is Teacher the Another is Teacher and Another is the content of Tachograph Analysis, concentrating on the devices in

speeds and distances travelled. One of the smallest tenants is Integrated Materials Technology, a wife-and-husband com-pany making fibre-reinforced composite materials.

The 15,000 sq ft MIC build-The 15,000 sq it MIC building is now completely full and there is a waiting list of small high-technology companies and entrepreneurs who want to come in. Mr Rimmer is therefore looking for additional space – a further 30,000 sq ft would be ideal – and funding to expand MIC's science park activities. ence park activities.

Clive Cookson





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Rapid growth throughout Continent Leader of the pack

growing rapidly throughout Europe. But there is considerable variation between the style of parks in different coun-

France has Europe's grandest vision. Local authorities, particularly in south-east France, are setting up large-scale technology parks or tech-nopoles, which have more in common with, say, Research Triangle Park in North Carolina than with even the largest British or West German parks.

According to a survey of European science parks by Mr Dick Porter of management consultants KPMG Peat Marwick McLintock, the number of operational technopoles in France rose from six in 1985 to 18 in 1988. A further 14 are under construction and 12 in

the planning stage.

To give an idea of the scale of the technopoles, France's 18 operational parks have a total of 1.87m square metres of accommodation, compared with 300,000 sq m for the 38 UK

science parks.

An average French technopole has 14 times more space available than a British science park. And the largest and old-est technopole, Sophia Antipolis, sprawls over 650 hectares of hillside overlooking the Rivi-

Although the early techno-poles concentrated on wooing large high-technology compa-nies – particularly in electron-ics and computing – the emphasis is beginning to change. Technopoles are increasingly incorporating innovation centres or incuba-tors for small companies and start-up ventures.

The average French science park has 14 times more space available than its British counterpart

At the same time, organisations known as pépinières (seedbeds) are becoming wide-spread. They are designed to help new companies bring products to the market. KPMG estimates that half of France's technopoles are developing

facilities of this sort. Elsewhere in southern Europe, the science park move-ment is emerging more slowly. Six of Spain's 17 regions now have a parque tecnologico, similar to the French technopole. The parks in Madrid and Bar-

celona are located in industrial development zones, alongside existing research establish-

existing research establishments and technology based companies (AT&T and Pirelli respectively).

Italy has only limited science park activity. Technopolis Novus Ortus (New Rising), started near Barl in 1984, comes closest to a conventional comes closest to a conventional science park. Although it cur-rently has only 20,000 sq m in use by 15 companies, considerable expansion is planned for the next five years.

Science parks in northern Europe tend to come closer to the UK model. In West Germany 68 "innovation centres" have sprung up since the launch of the pioneering BiG centre in Berlin in 1983. The movement is now spreading to Austria, where the first inno-vation centre opened in 1985 followed by six more last year,

and to Switzerland.
According to Mr Heinz Fiedler, managing director of the Association of German Technology and Enterprise Centres (ADT), at the end of 1988 the 68 German centres had a total of 300,000 sq m let to 1,269 companies with 9,059 employees. In total, therefore, the German innovation centre movement is similar in size to the UK Science Parks Association, but

smaller on average than British science parks.

In Belgium, four science n Beignin, four science parks were set up in the 1970s (in Brussels, Leuven, Louvan-la-Neuve and Liège) and today there are seven fully opera-tional parks. The Belgian approach has been similar to the French technopole, with emphasis on attracting estab-

Investment in the infrastructure and buildings of European parks comes largely from the public sector

lished research-based corpora-

Mr Porter of KPMG says that Belgian parks have Europe's lowest proportion of start-ups and independent companies; about two-thirds of their ten-ants are either established Bel-gian companies or subsidiaries of foreign companies.

Science parks have been slower to develop in neighbour-ing Holland. The first ones were established at Groningen and Leiden in the mid-1980s. Today the Netherlands has four operational science parks with three more under construction or plann

Scandinavian science park activity is furthest advanced in Sweden and Finland, each of which has seven fully opera-tional parks. Norway is just getting under way, with one operational park and four under construction or planned. Despite the differences across Europe, parks in differ-ent countries do share many common features. One is that the investment in park infra-structure and buildings comes largely from the public sector.

And the prime objective is to promote regional or local eco-nomic development.

National, regional or local authorities have contributed 60 per cent of the funding for UK science parks, about 75 per cent in Germany, France and Holland, and almost 100 per cent in Belgium.

In countries such as Germany, where sources of ven-ture capital and private finance are much less devel-oped than in the UK or US, the funding for growing companies on science parks is also likely to come from the public sector, via state-owned banks.

The EC is playing both a direct and an indirect role in promoting the growth of science parks. Direct assistant comes from regional develop-ment programmes which help to finance new science parks in poorer parts of Europe such as Spain, and from programmes and organisations intended to promote technology transfer, such as Sprint, TII (Technol-ogy, Innovation, Information) and the European Business

But the indirect effect of the EC may be more important. As 1992 and the single European market approach, some of the less well developed European countries see science parks as a way to promote high-technol ogy industries which will help them compete more effectively after the barriers come down.

More detailed information about science parks in Europe will be available from the pro-ceedings of the Fourth Annual Conference of the UK Science Parks Association, published this month by UKSPA, 44 Four Oaks Road, Sutton Coldfield West Midlands B74 2TL, at £48 UKSPA also offers a range of other publications about science parks and maintains a database with detailed information CAMBRIDGE SCIENCE PARK

IN ONE respect, Cambridge is far ahead of England's other ancient university city. While rival groups fight for planning planning permission to build Oxford's first science park. Cambridge Science Park is quietly celebrating 19 years in business and consolidating its position as the UK's largest and most successful science

Although Trinity College formally established CSP in 1970, when it requested out-1970, when it requested outline planning for the first 14 acres, construction of accommodation for the original tenant, Laser-Scan, did not start until 1973. (Laser-Scan, founded by three researchers from the university's Cavendish Physics Laboratory to dish Physics Laboratory to commercialise computer-con-trolled laser deflection techniques, is still on the same site now with 160 employees.)

There were four tenants when CSP was officially opened in 1975. The development gained mome slowly during the late 1970s but it quickly gathered pace during the early 1980s, as Cambridge became a fashion-able location for high-technol-

ogy companies. Local economists still debate the extent to which CSP helped to fuel the "Cambridge Phenomenon" - the growth of science-based industry in and around the city. Some say that cause and effect were more the other way round: publicity about the Cambridge Phenomenon brought success to the

cience park. CSP expanded to 86 acres when Phase 3 started in 1982 and 110 acres with the addi-tion of Phase 4 in 1985. This year construction starts on Phase 5, the final stage, which will fill in the remainder of the 130 acre CSP site owned by Trinity College on the north-eastern outskirts of Cam-

bridge, between Milton Road and the A45 northern by-pass. Buildings totalling 677,000 sq ft are now complete, with a further 135,000 sq ft to be constructed for Phase 5

Although most of the archi-tecture is consciously hightech, Trinity College has not attempted to impose a uniform style and the aesthetic standards of the buildings vary. Fortunately CSP's largest tenant - Napp, a pharmaceutical company specialising in con-trolled release drugs - has put up an elegant sloping-sided building, designed by Arthur Erickson of Canada. for its 350 staff.

CSP has been landscaped in what is becoming the classic science park style, with lawns sloping down to lakes and plenty of trees between the buildings. Dr John Bradfield, Senior Bursar at Trinity and the person most responsible for CSP's success, says that the ultimate aim is for the park to look as good as the mature gardens of Cambridge

Commercial activities at CSP are restricted to: applied scientific research; light industrial production which is dependent on regular consulta-tion with scientists in the area; and ancillary activities appropriate to a science park The 70 tenants cover a wide

range of science and technology. Some are small compa-nies recently established by business-minded Cambridge scientists. Others are branches of multinational companies which think that the scientific excellence of Cambridge provides a favourable environment to develop a particular sector of their activities (for example GEC's Marconi Maritime Applied Research Laboratory) or an essential location for a listening post (IEM Aca-demic Systems Marketing).

tom-built premises can start life inside one of the two Cambridge Innovation Centres. incubator units which supply shared facilities. Space in the recently completed second building costs about £14 per sq ft to rent.

Although Trinity College actively promotes liaison between CSP tenants and university laboratories, it has never insisted on such contact. "Cambridge, as a world-fa-mous research centre and hot bed of high technology enter-prise, does not need and is too diverse to provide the kind of formal links between companies and academics which the term 'science park' sometimes implies," Dr Bradfield says.

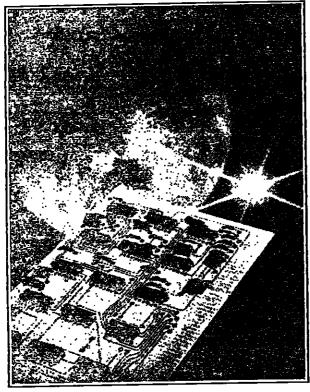
"But the majority of CSF companies benefit greatly from personal, technical, financial or less tangible kinds of lizison, either all the time or when the need arises, and they know that they have only to lift the telephone to be helped with further contacts. Equally, a valuable commercial awareness is developing in the university – hard though both of these trends are to

CSP now has a baby sister. St John's Innovation Centre, which St John's College opened in 1987 on a 19 acre site next to CSP, is primarily

Meanwhile in Oxford the next round of the battle over the proposed Isis Science Park begins this mouth, when the developers will put in a new planning application for a 180-acre park on Hinksey meadows. Opponents claim that this would be an unscceptable violation of Oxford's

Clive Cockson

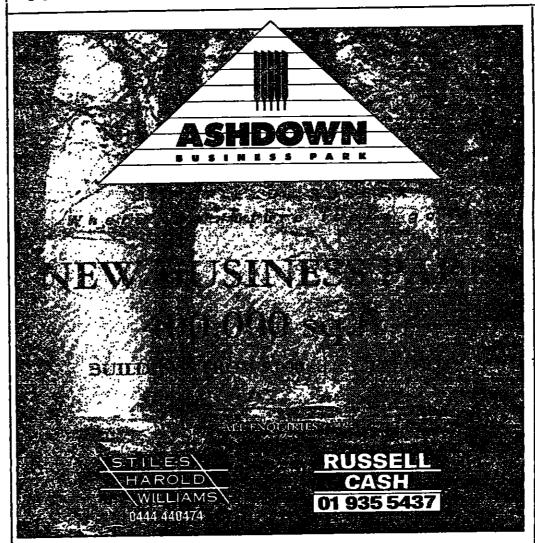


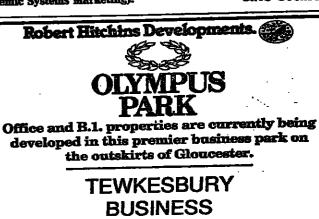


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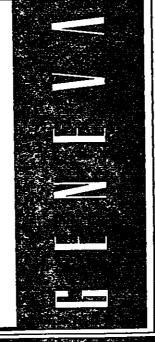
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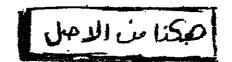
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SCIENCE AND BUSINESS PARKS 5

United States

RESEARCH parks in the US are trying to forge more links with their counterparts at home and abroad in the search for greater sophistication in an

ever-more competitive market. Where, for example, a university is trying to commercialise some of its research, its neighbouring science park could draw through its informal network on a much larger pool of investors with the necessary finance and expertise.

Similarly, a surge of park creation during the mid-1980s has left an abundant supply of space and a dwindling number of yet unattached research institutions. Thus, the rate of park formations has fallen dramatically and sponsors of some projects are now having to cast their nets much further afield

to find enough tenants.
Internationalisation is also being spurred by factors abroad. "Europe seems to be a hot ticket with lots of interest in the impact of 1992," said Mr Chris Boettcher, executive director of the Association of University Related Research Parks in Temps Arizona. Parks, in Tempe, Arizona. For example, Research Tri-

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angle, the huge and well-estab-lished park in North Carolina, now has full-time marketing representation in Europe to sell its attractions.
One of the most ambitious

efforts to forge foreign links is being made by Science Centre international, a venture 30 per cent owned by Philadelphia's University City Science Centre and 70 per cent by the new Kyoto Research Park in Japan. The Japanese end of the venture is off to a fast start under

the sponsorship of Osaka Gas

on an urban site surplus to its

A surge of science park creation during the mid-1980s has left an abundant supply of space and a dwindling number of yet unattached research institutions

needs as a utility. In only 14 months, construction has started on \$100m worth of buildings which are already fully booked by tenants.

Planning for phase two has begun. "The Japanese are very thirsty for ideas and they are moving forward very quickly,"

at the Philadelphia centre, said Dr Timothy Weckesser, head of the joint venture's US arm. "We already have an exten-sive US-Japanese network. Our target is to build a European network this year and next," he said. "We want to give research parks abroad a simple

The Philadelphia end draws

on the large, 26-year-old University City Science Centre.

The next stage for the joint venture is to establish an Inter-

national Technology Exchange

said Mr Gordon Carlisle, a Phil-adelphia consultant to the Kyoto park. and effective centre here on the eastern seaboard for tech-nology transfer." parks. In some cases they become partners of a research institution.

However, most parks lack the financial resources of such mature establishments as Research Triangle and Philadelphia.

"Research parks are developing more formal programmes and networks to facilitate technology transfer from academic to commercial realms," said Mr Carlisle.

It is early days yet and parks

are trying to work out how to put their relationships on a fair and formal footing. What sort of fee or royalty, for example, should a park get for introduc-ing an investor to another park trying to promote a promising piece of new technology?

Another trend in the US is the growing participation of private sector real estate com-panies in the development of

The relationship has to be carefully defined to prevent the parties' differing goals creating friction. The real estate company is likely to be motivated more by profit and the univer-sity by enhancing its research function.

But the two can also complement each other, argued Mr Glenn Mitchell, general man-ager of Canada's Edmonton Research Park and the president of the AURRP. "The private sector partner can bring discipline, initiative and drive to these projects which univer-sities often lack."

A notable partnership exam-ple is Oakland Technology Park in the Detroit suburb of Auburn Hills. It began in 1983 as an attempt by concerned local people to reverse the con-

siderable loss of jobs in the Detroit car industry.

bank holding company in Michigan, bought 1,100 acres of

Search for sophistication it would take 18 to 20 years to fili up the park," said Mr Phil Houdek, programme director at Comerica, the second largest Schostak Brothers, the real estate company brought in to manage development. "But now its looking like 10 years."

land adjacent to 700 acres owned by Oakland University, state-funded school which had some links with the motor

The rate of park formations has fallen dramatically and sponsors of some projects are now having to cast their nets much further

affeld to find enough tenants

industry but not a particularly strong research function. jobs but the most recent fore-The park has attracted a large number of high-tech com-

joint venture between General

casts is for 53,000 jobs when companies have finished investing some \$2bn \$3bn and panies related to the motor industry. Chrysler, for examthe park is complete. ple, is building a 3m sq ft tech-nology centre, GMF Robotics, a

Not only are research parks having to offer more facilities to attract companies, they are also suffering some competi-

Motors and Fanuc of Japan, has established its world head-

quarters there. Other compa-

nies to buy land and build faculties include GKN of the UK and ITT World Automotive.

"Our early analysis showed

Similarly, first estimates

indicated the park would cro-

ate or help retain some 25,000

tion from business parks. Purists say these planned office and light industrial developments cannot claim to be research parks because they lack links with academic insti tutions. But for some companles they provide ample ambi-ence and sufficient support to

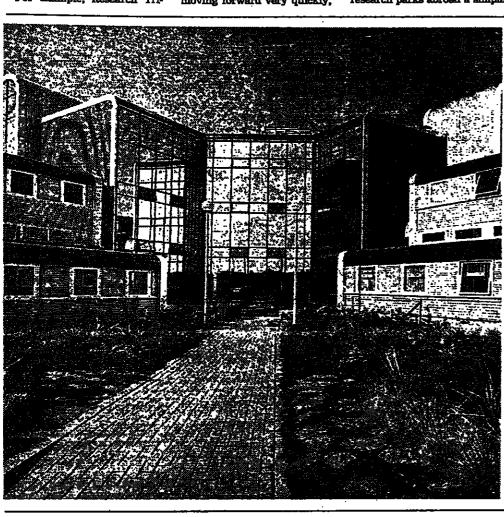
be a practical alternative.

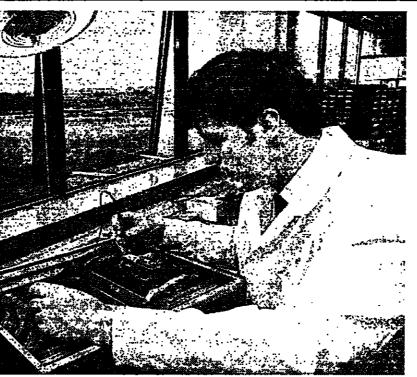
The sector "is glutted in nearly every market, according to an annual survey by Equitable Real Estate Investment Management, a subsidiary of the life insurer.

"The hope of this segment in the long run is its ability to accommodate different types of tenants as market forces dietate. However, with vacancy rates above 25 per cent in most areas, and more building planned and easily built, this product will remain weak into

the early 1990s."
With such facilities claiming some of the bottom end of the park market and adding to the pressure of over-supply of true research parks, sponsors will be forced to become more professional and business oriented in the coming years.

Roderick Oram





THE Genesis centre in Warrington part of the Birchwood Science Park (left); technician at Surrey Research Park, University of Surrey (above centre); and a high-tech building at Cambridge Science Park (above left). CSP, launched 19 years ago by Printing College, is strengthering its Trinity College, is strengthening its position as the UK's largest and most

successful science park. There are several hundred such parks worldwide varying greatly in size and function. The sector has been bedevilled by definition. The trend is to label every development as a science/business park - however, this is often inaccurate.

The problem is that no institution

has been able to set a feasible definition and almost every pocket
of modern development outside a town
centre claims the "park" title.
Developers are also thinking big:
more than 50 parks of 1m sq ft and
above are planned in the UK. This

has helped produce a UK total of more than 190m sq ft of space being

promoted as business parks - more than the total existing office space in central London. Surveyors Healey & Baker found that up to 35 per cent of the UK's business space was being taken by accountants, insurance and financial

companies and professionals in

research conducted a year ago.

uality comes Why work in a congested urban communications network, environment, when you can choose its hardly surprising that a prime location for growth, in the high technology companies

natural beauty of Scotland.

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landscaped parkland, relaxing river banks, and (of course) plenty of pure, clean air. With a large pool

SKILLED LABOUR of labour, full public

utilities services, and an excellent

like DEC, Memorex - BY ROAD, RAIL, SEA

Telex, SCI, Indy, Beecham, Flow Laboratories, Volvo, Caledonian Paper, Prestwick Circuits and Fullarton Fabrications, have invested in Irvine.

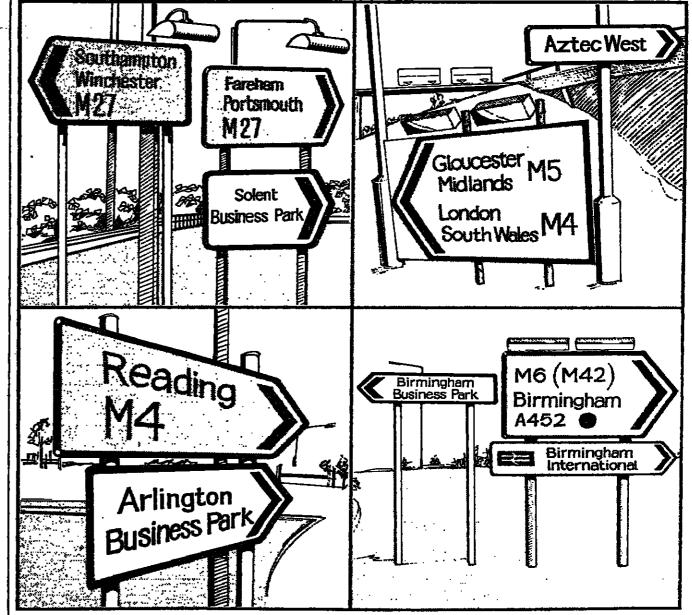
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It's called quality of life. FINANCIAL SUPPORT In Irvine, it comes naturally.



QUALITY IS OUR LIFE AND WORK DIAL 100, ASE FOR FRREFORE IRVINE OR WRITE TO THE COMMERCIAL DIRECTOR, IRVINE DEVELOPMENT CORPORATION, PERCETON HOUSE, IRVINE KAII ZAL.



SIGN LANGUAGE

than Arlington Business Parks.

All Arlington Parks are near major towns and are well served by the motorway networks; and, with 1992 in mind, have easy access to international airports.

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finding the site, there would be others just as But rarely will you find professional

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No-one can match our expertise in relocating your company efficiently, on terms that suit your business, with a range of tenure options and appropriate funding packages. Rarely will you find a site so well finished, even if yours

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maintaining the quality of your working environment for years Call Strutt & Parker, on 01 629 7282, for

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project management such as Arlington's, to WHERE BUSINESS IS A PLEASURE Arlington Park and watch it flourish.

COMMODITIES AND AGRICULTURE

Australia's BHP forced to import Canadian coal

THE TIGHTENING supply of coking coal around the world has resulted in Australia, the world's biggest exporter of coal, being forced to import a series of cargoes from Canada. The customer for the coal is

BHP Steel which not only has its own mines but also has a sister company, BHP Utah, which is the world's largest coking coal exporter. The embarrassment for BHP Steel in this coals-to-Newcastle business is only slightly mitigated by the fact that the coal is to produce coke for sale on to Philipp Brothers, the trading house, rather than for the company's own steel works. The coal is being supplied out of British Columbia from Westar's Balmar mine.

But if this one contract is an oddity the background to it of an extreme shortage coal on the world market — particularly of coking coal — is becoming pervasive. It is likely to get far worse with the strike at Pittston, the top US coking coal exporter, looking as entrenched as ever as it enters its thrid month. Last week Pittston declared force majeure on all its export shipments .

While a strike at Fording Coal, now in its second month, in Canada may be inching towards a settlement, another is threatened at the massive Quintette operation in nor-

theastern British Colombia and there are rumblings of discon-tent among South Africa's National Union of Mineworkers which could boil over into a strike.

Buyers are keeping their fin-gers crossed that the sympathy strikes in the US - many in mines with no-strike clauses will end once the miners finish their annual vacations at the end of next week.
To cap all this drying up of

supplies, the Brazilian steel mills are seeking to buy an extra 2m tonnes having failed to agree prices with all their traditional suppliers. The big steel mill's buyers are begin-ning to get a little fidgety, par-ticularly within the US and in some European countries. In Japan, whose mills dominate world buying, substantial prep-aration was made for the Pittston stoppage and stockpiles are at a good level. But buyers say that if the US strikes continue until August they will begin to feel the pinch.

In Europe the shortage is already beginning to hurt. French buyers have asked South Africa coking coal producers Gencor and Anglo American if they can supply replacement tonnage. The South Africans have responded coolly, telling Atic, the French state coal importer, that they will look after their regular

But the most virulent outburst has come in a letter from burst has come in a letter from Italy's state steel producer, Ilva, to Mr Paul Douglas, chairman of Pittston Coal, expressing the Italians' "frustration" at Mr Douglas's rejection of negotiations with Mr Rich Trumka, leader of the United Mine Workers' Association.

"We believe that the issues "We believe that the issues

at stake between Pittston and the UMWA become a sort of marginal problem as opposed to responsibility and the real risk of blowing up your customers coke plants," says the letter which accused Mr Douglas of "maintaining personal attitude of merible providers." attitude of possible proudness."
By rejecting the union's invitation to negotiate, Pittston
has threatened the "devastation" of the Algerian and Italian coke plant.

It is unclose whether this let-

It is unclear whether this let-ter will help to solve or prolong the strike, but its message is clear: the European steel pro-ducers are beginning to worry. The European steel companies are particularly vulnerable to this action since they have moved away from buying Australian coking coal this year and towards the US producers. Now it is too late to switch back and, with steel produc-tion booming around the world, the risk to operations is coming daily closer.

developed for the local soil (by crossing the upper amazon and trinitario varieties). Then came high density planting, which suited the highly organised and efficient farms. The result was greatly

improved productivity. Large estates, such as those run by Harrison Malaysian Plantations, can squeeze out more than 1.5 tonnes a hectare from

Malaysian cocoa surges into the big time

Lim Siong Hoon on a maverick producer which is climbing the world output league

OT LONG ago, the Malaysian cocoa bean mattered little to the world; the country itself confined its attention to a few experimental farms, some cocoa plots here and there, and seedlings stuck in between rows of coconut trees.

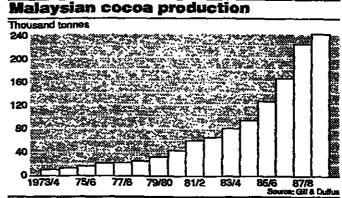
Then came the price boom in the late 1970s. Since then, noth-

ing, not even the current price slump, has halted the extraor-dinary advance of Malaysian From a mere 23,000 tonnes in

1977-78, production shot up to 60,000 tonnes in 1981-82 and 222,000 tonnes in 1987-88. In its latest market report, Gill & Duffus, the London trade house, estimates the 1988-89 total at 240,000 tonnes, placing Malaysia fourth in the world production league behind the ivory Coast (780,000 tonnes), Brazil (345,000 tonnes) and Ghana (305,000 tonnes).

The country took to cocoa to lessen its commodity export reliance on rubber - a diversi-fication strategy which proved successful with palm oil. Unlike rubber or oil palm, cocoa is not an easy crop to grow. The commercial trials, 30 years ago, were a disaster. But the country had a century of plantation management experi-

ence and this made a differ-Pest resistant hybrids were



some of their farms. Smaller farms produce 600 to 800 kg on the same acreage, which is still more than the average yields in Ghana or the Ivory

There are now trials both on private and government initia-tives to boost yields to tonnes a hectare. "There is nothing new in high density planting," says Mr John Pater of Nestle, the Swiss food company. Mr Pater, the company's agricultural services manager in Malaysia is advising local planters on farm management. "It is simply a lot of timely weeding, irrigation, pruning and har-

The relentless surge in Mal-aysia's exports rankled with the African and South American growers, who, as members of the International Cocoa Agreement, were contributing to the cost of operating a price-supporting buffer stock operation.

Producer members of the agreement once tried, unsuccessfully, to organise consumer members to boycott Malaysian supplies. But the line of attack has now shifted Last month, for instance, the Ivory Coast told the Cocoa Association of London that Malaysian cocoa was, when blended with Afri-

can varieties, ruining the cocoa products making them "insipid and undrinkable." There is an anomaly in Mal-aysia's disavowal of the cocoa pact; the country has been a front-line member of commodity agreements for rubber and tin. As for the cocoa pact, the Government "has not decided yet" to sign up, says an official.

Malaysian planters are against the pact. It is an inef-fective instrument anyway, they say. Member contributions to a buffer stock are con-stantly falling behind, and members have failed to agree on stock withholding while the present slump had bitten deeper into the industry. "With the prospect of yet another surplus in the 1988-89 crop year, it is unlikely that any meaningful measures can materialise

agreement," says the Malay-sian Cocoa Growers' Council in

a recent report. a recent report.

There are more pertinent reasons, however. Malaysian supplies half its exports, which totalled 189,000 tonnes last year, to non-cocoa pact con-sumer members such as Singapore and the US. In such cir-cumstances no levy is payable to the International Cocoa Organisation's buffer stock

In spite of its impressive growth Malaysian cocoa production still accounts for only 10 per cent of the world total – compared with the Ivory Coast's 32 per cent - and the Government feels that would not be enough to give it a loud enough voice within the organ-

isation.

The current price slump, however, may offer the country just the opportunity to strengthen its relative position.

"This is going to be a prolonged cycle, longer than the 12-year boom-bust cycle the world had seen," says an industry analyst. Inefficient and unproductive farms. and unproductive farms, including those in Malaysia, will close. Yet overall Malaysian production is expected to continue to grow because of increased plantings and higher

While the harvest increase the quality of Malaysian beans continues to be rated as inferior. The country is not listed in the cocoa agreement as a producer of exclusively "now fine or flavour" cocoa. It has the kind of quality Ivorians liken to poor wine and, therefore, suffers a price discount in the market.

The issue actually concerns two distinct notions of quality.
One has to do with the sale

contract where quality is spelled out: for example, fewer than 3 per cent mouldy beans than 3 per cent mouldy beans per bag; fewer than 100 beans per 100 gm and not the 120 that many Malaysian farms pro-duce. Last year, 36 per cent out of a 68,000 tonne grading sample was rejected for rea-sons such as excessive mois-

To deal with problems like these, the Government will these, the Government will inaugurate the Malaysian Cocoa Board. Backed by law, the board will regulate grading and organise research to raise acceptable bean standards.

The second issue has to do with taste, and is not a contract condition. Still it counts a lot among western chocolate makers. Says Mr Pater. If you

makers. Says Mr Pater, 'If you want the average chocolate taste, you buy Malaysian

Unlike the African varieties, Malaysian cocoas have higher acidity levels and are therefore more bitter. This is because Malaysian growers ferment and dry their beans in a hurry. Following the slower African methods will incur more storage and labour costs, and Malaysian plantations, says Malaysian plantations, says the analyst, are run by accoun-

Small farms today still persist in the old ways. But in the plantations, where half of the crop is grown, there have been promising experiments with alternative processing meth-

They can afford to do that, even in the bad times. The plantations are almost certain to survive the slump - cocoa is not their only crop - and in the long run could help Malaysia to challenge the major cocca producers, on quality as well as quantity.

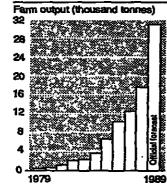
High output hits salmon prices

A NUMBER of Scottish salmon farms are feared likely to go out of business because of a sharp drop in the price of farmed salmon which is being blamed on overproduction by fish farmers in Norway.

Scottish salmon farmers are compiling evidence of what they claim is dumping of salmon by Norway. Britain and Ireland have officially raised the issue with the EC Commission and may call on the Commission to take action against Norway.

The price of a Scottish salmon has declined by 25 per cant in the past year and now stands at £1.10 per pound, as delivered in France, according to Mr William Crowe, of the Scottish Salmon Board, the producers' organisation. This he says compares with the cost of production at the farm gate of about £1.45. As a result Scottish farmers are being obliged either to sell below cost, or

stop harvesting fish. The latest collapse is attributed to the decision last month of the Norwegian Fish Farmers Sales Organisation to lower its minimum about Norwegian Krone 40 (£3.50) a kilogram to NKr 34. Mr Crowe says he has evidence Scottish salmon



of Norwegian producers quoting prices as low as NKr 24.

The Norwegian producers are cutting prices partly because of an unexpectedly large rise in output from their salmon farms. Instead of the 120,000 tonnes of fish they expected to produce this year about 150,000 tonnes. Last year they produced about 90,000

Mr Crowe says he has evidence that production costs in Norway average between NKr 34 and NKr 40 per kilo, suggesting that many Norwegian

Close Previous High/Low

producers are selling at below

Among steps open to the EC are bringing salmon within the EC fisheries policy and setting a reference price; setting up a deficiency payments scheme; and applying anti-dumping measures against Norway.

One leading Scottish salmon farmer, who did not wish to be named, said that farms which were beautily borrowed or had

were beavily borrowed or had not established strong market-ing channels ran a strong risk of going out of business. "We ourselves had expected a had year this year," he said. "With the latest drop in Norwegian prices we are expecting a very

Scottish output has been projected to rise from 17,951 nnes to about 31,000 tonnes this year. Mr David McCarthy, chairman of Marine Harvest, a Unilever subsidiary, said he expected prices to stay low for some time. Farmers had to become more efficient and improve their marketing, he

Mr Per Olav Hernes of the Norwegian Fish Farmers Sales Organisation denied that the Norwegians were selling below cost. Older farms had costs of about NKr 20 a kilogram and newer ones NKr 80-32.

Japan worried over rising S African maize imports

By Yuriko Mita in Tokyo

IMPORTS OF South African maize by Japanese manufac-turers soared to an estimated 150,000 tonnes in the January-May period, a 57.1 per cent increase from last year, despite government exhortations to companies to reduce ties with South Africa. The Japanese Government

faced an outburst of international criticism in early 1988 when it became known that the country had surpassed the US, West Germany and the UK to become South Africa's largest trading partner. The Government attempted to curb trade with South Africa by placing pressure on Japanese businessmen. According to 1988 trade figures released by the Ministry of Finance, gov-ernment's efforts did bring some results as Japan's imports from South Africa were 17.3 per cent down on the

1987 total. However, exports dipped only 7.8 per cent. Japan's imports of South African maize this year have risen because US prices are higher after a poor crop last year while South African prices remain low. According to an official at Japan's Minis-try of International Trade and Industry, the increase in imports was justifiable because the volume of South African maize imports was relatively low. For the present, the minis-try intended to do nothing more than continue advising

relations with the US. Last year, the Japanese Government asked that maize ports from South Africa be limited to the 1986 figure of 1.2m tonnes, and analysts say this year's total will probably be

companies to exercise caution

and not to undermine Japan's

Gold price rise attributed to dollar weakness

within the framework of the

THIS WEEK'S sharp rise in the gold price had more to do with the dollar's weakness than with news of the resumption of Taiwanese buying, London analysts said yesterday, reports Reuter.
As the London bullion mar-

ket price rose \$7.50 on Wednesday to \$383.75 a troy ounce traders on the New York Com-modity Exchange had pointed to a Reuter report from Taipei saying Taiwain's central bank had resumed imports after a year-long lapse. But London traders said this was no more than a secondary factor "Something along these lines

professionals," said Ms Rhona O'Connell, analyst with Shear-son Lehman Hutton. . "You could feel there was something solid underneath the market."
Yesterday the London gold price edged further ahead to close at \$385.50 an ounce.

Chile aims to overtake Japan in iodine output

By Barbara Durr in Santiago

double its 1988 iodine produc-tion by 1995 and thus become the world's largest producer.
In 1988, Chile produced about 3,324 tonnes of 99.5 per cent pure iodine. By 1994-95, according to a special report in the Boletin Minero, the monthly publication of the National Association of Minero. ing, Chilean production could

reach 8,490 tonnes.
Soquimich (Sociedad Quimica y Minera de Chile), Chile's largest iodine producer, pro-jects a production increase from 3,600 tonnes in 1988, to 4,400 tonnes by 1995. Other plant expansions and new plants are expected to bring in another 2,600 tonnes, according to the association. Existing

plants project another 1,490 tonnes in the next five years. Based on current prices in the \$17,000-\$18,000 a tonne

100.00 97.82 99.54 101.26 103.00 104.00 104.25 102.50

Close Previous High/Low

Close Previous High/Low

QRANGE JUICE 15,000 lbs; conts/lbs

COTTON 50,000; cents/lb

CHILE COULD more than range, Chile could stand to earn more than \$144m a year

in exports by 1995.

Japan and Chile share approximately 70 per cent of the world's lodine production. Japan produced 7,600 tonnes in 1938, compared with Chile's 3,924 tonnes. They were fol-lowed last year by the Soviet Union with 2,000-tonnes and the US with 1,150 tonnes.

The world market is growing by an estimated 4 to 5 per cent a year. Iodine is used in catalysers, medicine, dyes, in animal food and in X-Rays.

Chile's mining association says the market for iodine may expand if it is substituted for chlorine in water treatment. It even enthusiastically suggests that iodine could enjoy unprec-edented demand if an experia cure for AIDS turns out to be scientifically sound.

WORLD COMMODITIES PRICES

(Prices supplied by Amalgamated Metal Trading)

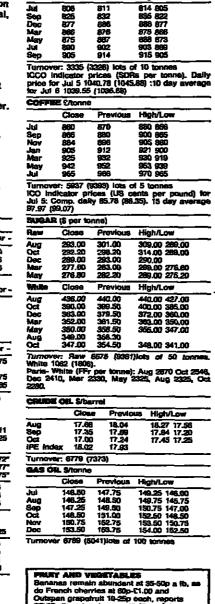
AM Official Kerb close Open Interes

LONDON MARKETS COPPER prices continued to decline on

the LME yesterday. Three-month metal, which closed at £1,461.50 a tonne, dipped to £1,450 a tonne during the alternoon in sympathy with Comex. briefly breached the \$1 level, traders said. Traders said the market appeared to have resumed the recent downward chart pattern which points towards £1,300 a tonne during summer Most of the potential buil factors seemed to be leaving the market However, a restraining factor was the Zinc prices eased in gulet trading as where a strike was scheduled for esterday and today at Minero Peru's melter facilities

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Of pro	educts prompt delivery per t	onne CIF)	+ 01-
Gas O Heavy Naphth	Fuel Oil	\$208-211 \$147-148 \$87-88 \$185-167	d de de
Other			+ or -
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Alumin Copper Lead (lum (free market) r (US Producer) US Producer) (free market)	\$1635 1115g-112c 58.5c 540c	+15
Tin (Ku Tin (Ne Zinc (L	uala Lumpur market) sw York) IS <i>Prime Western</i>)	26.49r 463.50c 80 ³ g c	-20 +0.11 +0.25
Sheep Pigs ()	(live weight)† (dead weight)† ve weight)†	122.25p 183.55p 94.05p	+0.72" +3.77" +0.75"
Londor Tato a	n delly suger (rew) n delly suger (white) nd Lyle export price	\$331.0x \$444.0x \$318.0	-32.6 -24.8 -24.5
Marze	(English leed) (US No. 3 yellow) (US Dark Northern)	€105.25± £133 £133.25	+0.25
Rubber	(spot)♥ · (Aug)♥ · (Sep)♥ · (KL RSS No 1 Jul)	61.50p 64.00p 64.75p 258.5m	-0.25 -0.25 -0.25 +1.0
Palm C Copra (Soyabe	r oil (Philippines)§)li (Malayslan)§ (Philippines)§ ans (US)	\$565i \$360v \$350y \$214	+ 15
	"A" (ndex os (64s Super)	80.2c	+0.1

c-cents/lb. r-ringglt/kg. y-Jun. w-Aug. z-Ssp. u-Jun/Jul. x-Jul/Aug. t-Aug/Sep. v-Aug/Oci †Meat Commission average tasslock prices. * change from a week ago. Thondon physical market. \$ClF Rotterdam. 4 Buillon market close. m-Malavsian cents/kg.



BRUNY AND VEGETABLES

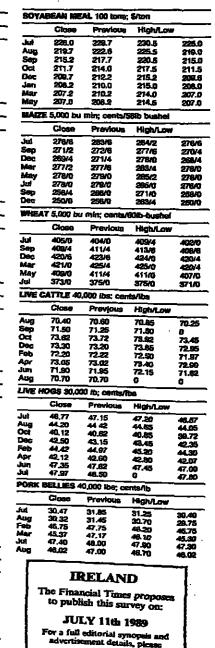
Benanes remain abundant at 35-50p a fb, as do Franch cherries at 60p-C1.00 and Cutspan grapetrult 10-25p each, reports FFVIB. Strawberries are 40-60p a ¹g ib, raspberries 70-90p, peaches 10-15p each and nectarines 15-25p. Pineapples are 60p-C2.00. British courgettes are 30-50p a lb (30-55p), homegrown new crop carrots 15-25p (20-50p). Dutch green peppers C1.00-1.75 (C1.10-1.80), nod and yellow C1.30-1.80 (C1.50-2.00). Homegrown new postables are 13-20p. Hothouse tomations are 30-55p (40-60p) and cherry tomations 69-60p a ¹g ib (65-95p). Cucumbers are 40-60p sach, Chimesa leaves 60-85p a head (75p-21.00).

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Jul Aug Oot Jan BF7	TF FUTUR Close 1372 1400 1505 1540	Plots of 20 Previous 1375 1410 1507 1590 1401	dex point High/Low 1370 1365 1401 1391 1603 1500	<u>aa</u>	US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Salver th: Spot 3 months 6 months	397-402 395-400 384-387 90 ¹ 2-91 ¹ 4 90 ¹ 2-91 ¹ 5 514.8-623 p/9ne oz 330.60 342.15 383.60	2 2 2 5 5 3	44 ¹ 2-24 43 ¹ 2-24 36 ¹ 2-25 5 ¹ 4-56 ¹ 5 ¹ 4-58 ¹ 17.6-32 18 cts (36.00 46.40 56.95	17 12 18 12 12 12 2 2 5 6
Jul Aug Oot Jan BF7 Turnove	Close 1372 1400 1505 1540 1398 or 161 (10	Plots of 20 Previous 1375 1410 1507 1590 1401	dex point High/Low 1370 1365 1401 1391 1603 1500	<u>ac</u>	US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plat Salver tix Spot 3 months	397-402 395-400 384-397 90 ¹ 2-91 ¹ / ₄ 90 ¹ 2-91 ¹ / ₄ 514.8-623 p/Sne oz 330.60 342.15	2 2 2 5 5 3	44 ¹ 2-24 43 ¹ 2-24 36 ¹ 2-25 5 ¹ 3-56 ¹ 5 ¹ 3-58 ¹ 17.8-32 18 ets 6 36.90 46.40	17 12 18 12 12 12 2 2 5 6
Jul Aug Oot Jan Birg Turnove	Close 1372 1400 1505 1540 1398 or 161 (10	Previous 1375 1410 1507 1550 1401	termes. dex point High/Low 1370 1385 1401 1391 1603 1500 1635 1530		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 months 12 months	397-402 395-400 384-327 90 ¹ 2-91 ¹ 4 90 ¹ 2-91 ¹ 4 514.8-623 p/Sine oz 330.60 342.15 363.60 375.70	22 22 55 3	44 12-24 43 12-24 36 12-25 512-56 17.6-32 18 648 18 648 68.40 68.40 68.45	17 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
FREE CH Jul Aug Cot Jan BF7 Turnove GRARES	T 108 (46 TF PUTUE Close 1372 1400 1505 1540 1398 F 161 (10 S E/tonne Close	Previous Previous Previous Previous Previous Previous Previous Previous	termes. dex point High/Low 1370 1385 1401 1391 1603 1500 1635 1530		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver fix Spot 3 months 6 months 12 months	397-402 395-400 384-397 90 ¹ 2-91 ¹ 4 90 ¹ 2-91 ¹ 4 514.8-623 p/8ns oz 330.60 342.15 363.60 375.70	2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	4415-244315-244315-245514-581517.8-32 15 CES (38.00 48.45 82.45	17 12 16 12 18 12 12 12 2 2 . 65
FREECH Jul Aug Oost Jan BF7 Turnove GRARES Wheat Sep Nov	T 108 (46 T PUTUL Close 1372 1400 1505 1540 1398 T 161 (10 Close 106.90 108.85	Previous Previous 1375 1410 1507 1507 1500 140 Previous 105.85	tonnes, dex point High/Low 1370 1385 1401 1391 1603 1500 1635 1530 High/Low 109,05 108/		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tix Spot 3 months 6 months 12 months 12 months	387-402 385-400 384-387 9012-91 t _g 9012-91 t _g 9012-91 t _g 514.8-623 p/Eine oz 330.80 342.15 363.60 376.70	2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	4415-24436-24365-24436-2-24365-2-24365-2-3656-0-365	17 12 18 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
Jul Aug Oot Jan BF7 Turnove	T FUTUR Close 1372 1400 1540 1540 1398 r 181 (10 5 2/conne 105.90 108.85 112.50 115.50	Rices \$10/m Previous 1375 1410 1507 1401 1500 1401 Previous 105.85 105.85 115.45	tonnes, dex point High/Low 1370 1385 1401 1391 1503 1500 1635 1530 High/Low 109.05 108.112.90 112.115.78		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tix Spot 3 months 6 months 12 months 12 months 13 months 14 months 15 months 15 months 16 months 17 months 18 months 18 months 18 months 18 months 19 months 19 months 10 months	387-402 385-400 384-387 90 ¹ 2-81 kg 90 ¹ 2-81 kg 342-15 343-80 375-70	2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	443-2-443-2-2436-2-2455-14-56-15-56-16-56-	17 ig 18 ig 18 ig 2 ig
Jul Aug Cot Jan BF7 Turnove Wheat Sep Nov Jan Mar	T FUTUR Close 1372 1400 1865 1840 1850 1850 T 181 (10 Close 108.85 112.50 115.90 115.90	Previous 105.85 108.80 1410 1507 1550 1401 160 1601 1601 1601 105.85 108.80 112.45	termes, dex point High/Low 1370 1365 1401 1391 1503 1500 1635 1530 High/Low 109.05 108.1 112.90 112.1 115.75 119.00		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tix Spot 3 months 6 months 12 months 12 months	387-402 395-400 395-400 394-387 90-12-91 t _g 514.8-523 prime oz 330.80 342.15 363.80 375.70	2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	4415-24436-24365-24436-2-24365-2-24365-2-3656-0-365	17 12 18 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
Jul Aug Cot Jan BF7 Turnove Wheat Sep Nov Jan Mar	T FUTUR Close 1372 1400 1540 1540 1398 r 181 (10 5 2/conne 105.90 108.85 112.50 115.50	Rices \$10/m Previous 1375 1410 1507 1401 1500 1401 Previous 105.85 105.85 115.45	tonnes, dex point High/Low 1370 1385 1401 1391 1503 1500 1635 1530 High/Low 109.05 108.112.90 112.115.78		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tix Spot a months 6 months 12 months 12 months Strike price 1700	387-402 385-400 384-387 90 ¹ 2-81 kg 90 ¹ 2-81 kg 342-15 343-80 375-70	2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	4412-24432-243612-2514-561517-8-32155-4-5615695-695-695-695-695-695-695-695-695-695	77 12 16 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
FREE COM Jul Aug Oct Jun BF7 Turnove GRASH Wheat Sep Nov Jun Jun Jun	T FUTUR Close 1372 1400 1865 1840 1850 1850 T 181 (10 Close 108.85 112.50 115.90 115.90	Rices \$10/m Previous 1375 1410 1507 1401 1500 1401 Previous 105.85 105.85 115.45	termes, dex point High/Low 1370 1365 1401 1391 1503 1500 1635 1530 High/Low 109.05 108.1 112.90 112.1 115.75 119.00		US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tiz Spot 3 months 6 months 12 months 12 months 15 months 1700 1700	397-402 385-400 384-387 90 12-91 14 90 12-91 14 90 12-91 14 90 12-91 14 90 12-91 14 90 14-9-523 76-70 76-70 76-70 109 53 53 53 54 54 54 54 54 55 54 56 56 56 56 56 56 56 56 56 56 56 56 56	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	4412-244312-24 4312-24 3612-25 514-561 514-561 117.8-32 138.90 48.90 48.90 88.90 88.90 88.90 88.90 88.90 88.90 88.90 88.90 88.90	77 12 18 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
FRANCE Jul Aug Cot Jun Ser Turnove GRANCE Wheat Sep Jun Mar Jun Burley Sep	T 108 (46 T FUTUE Close 1372 1400 1605 1540 1398 Ir 181 (10 1540 108.85 112.50 115.50 115.50 118.90 120.90 Close 104.25	RRES \$10/m Previous 1375 1410 1550 1401 1550 1401 105.85 105.85 112.45 115.45 118.90 Previous	termes, dex point High/Low 1370 1365 1401 1391 1503 1500 1635 1530 High/Low 109.05 108.1 112.90 112.1 115.75 119.00 High/Low 104.50 104.50 104.50	\$6 \$6 \$9	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tix Spot a months 6 months 12 months 12 months 12 months 13 months 15 months 16 months 1700 1800 1800 1900 Copper (Gran 2250	387-402 395-400 395-400 394-387 90-12-91 1 ₈ 514.8-523 prises oz 330.80 342.15 363.60 375.70 TAL EXCOM	2 2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	4442-2443-2-2436-2-225-4-5615-17.6-32 17.6-32 17.6-32 18.40 18.40 19.45 19.45	77 12 16 12 16 12 16 12 16 12 16 12 16 12 12 12 12 12 12 12 12 12 12 12 12 12
Jul Aug Oot Birg Turnove Greatest Sep Nov Jun Burley Sep Nov	r 108 (46 F PUTUS Close 1372 1400 1645 1540 1598 17 181 (10 1598 165,90 108,95 112,50 115,90 118,90 120,90 Close 104,25 108,25	RISES \$10°/m Previous 1375 1410 1590 1401 Previous 105.85 105.85 115.45 115.45 115.40 Previous	tonnes, dex point High/Low 1370 1385 1401 1391 1503 1500 1635 1530 High/Low 109,05 108,4 112,90 112,1 115,75 119,00 121,00 High/Low High/Low	\$5 BB	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 12 months 15 months 15 months 16 months 1700 1900 1900 Copper (Gran	387-402 385-400 384-387 90 ¹ 2-91 t _g 90 ¹ 2-91 t _g 90 ¹ 2-91 t _g 90 ¹ 2-91 t _g 90 ¹ 2-91 t _g 91-91 t _g	2 2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	444 2-24 43 2-24 36 2-22 5 4-56 1 5 4-56 1 117.6-32 15 45 6 38.00 48.40 59.95 82.45 82.45	77 12 16 12 16 12 16 12 12 12 12 12 12 12 12 12 12 12 12 12
Jul Aug Oot Jun Birl Turnove Greates Sep Nov Jun Berley Sep Nov Jun Mary Jun Jun Jun Mary Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	T PUTUS Close 1372 1400 1645 1540 1540 1540 1540 1540 1540 1540 16590 166.90 166.90 175.90 17	Rices \$10/m Previous 1975 1410 1597 1410 1590 1401 Previous 105.85 106.89 112.45 115.45 118.80 Previous 104.10 108.10	tonnes, dex point High/Low 1370 1385 401 1391 1603 1500 1635 1530 High/Low 109,05 108,4 112,90 112,4 119,00 121,00 High/Low 104,50 104,50 104,50 108,1 112,15 112,15	\$55 \$190	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat. Silver fix Spot 3 months 6 months 12 months 12 months 1700 Strike price: 1700 1900 Copper (Gran 2250	387-402 385-400 384-387 9012-91 t ₂ 9012-91 t ₂ 9012-91 t ₃ 514.8-623 prinne oz 330.80 342.15 353.60 376.70 TAL EDICHM 107 53 21 35 A)	2 2 2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5 5	444 2-34 43 2-24 36 2-22 5 4-56 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32 17.8-32	77 12 17 12 17 12 17 12 17 12 17 12 17 17 17 17 17 17 17 17 17 17 17 17 17
Jul Aug Oct Aug Oct Bril Turnove Stan Bril Wheat Stap Nov Mary Sun Berley Stap Nov Mary Sun Sun Mary S	r 108 (46 FF PUTUS Close 1372 1400 1605 1540 1398 r 161 (10 5 2/tonne 106.85 112.50 115.50 115.50 118.90 104.25 104.25 104.25 104.25 104.25 104.25 104.25 104.25 104.25	Previous 1375 110/m Previous 1375 1410 1550 1401 1550 1401 1550 1401 1550 112.45 118.80 112.45 118.80 100.10 101.1	tonnes, dex point High/Low 1370 1365 401 1391 1603 1500 1635 1530 High/Low 108.05 108. 112.90 112. 119.00 121.00 High/Low 104.50 104. 112.15 112. 114.75 114.75	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 12 months 12 months 13 months 15 months 16 months 1700 1800 1800 Copper (Gra 2250 2450	387-402 395-400 395-400 384-387 90-12-91 1 ₂ 514.8-623 514.8-623 514.8-623 530.60 376.70 7AL EXCEME 8.7%) 5 torse Sep 109 53 21 36 A)	2 2 2 2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5	44 12 - 24 - 24 - 24 - 24 - 24 - 24 - 24	77 12 17 12 17 12 17 12 17 12 17 12 17 17 17 17 17 17 17 17 17 17 17 17 17
July July July July July July July July	r 108 (46 Close 1540 115.00 11	Previous 1375 110/m Previous 1375 1410 1550 1401 1550 1401 1550 1401 1550 112.45 118.80 112.45 118.80 100.10 101.1	tonnes, dex point High/Low 1370 1365 1401 1391 1603 1500 1635 1530 High/Low 109.05 108.112.90 112.115.75 119.00 121.00 High/Low 104.50 104.105.60 104.112.15 112.15 114.76 114.75 114.75 114.75 114.75 114.75 114.75 114.75	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 1300 1500 1500 1500 1500 1500 1500 1500	387-402 385-400 384-387 90-12-91 14 514.8-623 p/fine oz 330.60 342.15 363.60 376.70 TAL EXCAM 82.7%) \$ torse Sep 109 53 21 61 61	2 2 2 2 2 2 2 2 2 2 3 5 5 5 5 5 5 5 5 5	44 12 -24 34 12 24 34 12 24 34 12 24 34 12 24 34 12 24 34 12 24 34 12 34	77 12 16 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
Jul Aug Oct Jun BF7 Turnove GRADES Wheat Sep Jun Mar Mar Mar Mar Mar Mar Mar Turnove	T 108 (46 T PUTUS Close 1372 1400 1640 1398 T 161 (10 1540 1398 T 161 (10 168.85 112.50 118.90 120.90 Close 104.25 104.25 114.75 116.70 Tr Wheat of lots of	Previous 105.85 116/m Previous 1375 1410 1550 1401 1550 1401 1550 1401 1550 115.45 115.45 115.45 115.45 115.45 115.45 116.80 116	tonnes, dex point High/Low 1370 1385 1401 1391 1603 1500 1635 1530 High/Low 109,05 108,4 112,90 112,4 115,75 119,00 121,00 High/Low 104,50 104,50 112,15 112,14 114,75 116,75 116,75 116,75 116,75	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 1300 1500 1500 1500 1500 1500 1500 1500	387-402 395-400 384-387 90-12-91 14 514.8-623 priline oz 330.60 342.15 363.60 375.70 TAL EXCAM 109 53 109 54 109 54 109 54 109 54 109 61	2 2 2 2 2 2 2 2 5 5 5 5 5 5 5 5 5 5 5 5	44 12-24 23 24 24 24 24 24 24 24 24 24 24 24 24 24	77 12 16 12 18 12 12 12 12 12 12 12 12 12 12 12 12 12
Jul Aug Oct Jun BF7 Turnove GRADES Wheat Sep Jun Mar Mar Mar Mar Mar Mar Mar Turnove	T 108 (46 T PUTUS Close 1372 1400 1640 1398 T 161 (10 1540 1398 T 161 (10 168.85 112.50 118.90 120.90 Close 104.25 104.25 114.75 116.70 Tr Wheat of lots of	Previous 105.85 (107m) Previous 1375 (167m) Previous 1590 (167m) Previous 105.85 (168.80 (178.	tonnes, dex point High/Low 1370 1365 401 1391 1603 1500 1635 1530 High/Low 108.05 108.112.90 112.90 112.90 112.90 112.90 112.15 119.00 121.00 High/Low 104.50 104.112.15 112.15 112.15 114.75 114.75 114.75	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 1300 1500 1500 1500 1500 1500 1500 1500	387-402 385-400 384-387 90-12-91 14 514.8-623 p/fine oz 330.60 342.15 363.60 376.70 TAL EXCAM 82.7%) \$ torse Sep 109 53 21 61 61	2 2 2 2 2 2 2 2 2 2 3 5 5 5 5 5 5 5 5 5	4412-243 3412-243 3612-25 3612-25 361-26 377.8-32 361-36 3	77 2 17 2 17 2 17 2 17 2 17 2 17 2 17 2
Jul Aug Oct. Jun BRI Turnove Greates Wheat Sep Nov Jun Mary Jun Sep Nov Jun Mary Jun Der Turnove Turnove	r 108 (46 FF PUTUS Close 1372 1400 1605 1540 1398 r 181 (10 5 2/tonne Close 108.85 112.50 115.50 115.50 115.50 118.90 Close 104.25 108.25 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70	Previous 1375 11610 1550 1401 1550 1401 1550 1401 1550 1401 1550 1401 1550 1401 1550 1108.80 112.45 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 11	tonnes, dex point High/Low 1370 1365 401 1391 1603 1500 1635 1530 High/Low 108.05 108.4 112.90 112.1 115.75 119.00 121.00 High/Low 104.50 104.5 108.60 108.1 112.15 112.1 114.75 118.75 118.75 118.75 118.75 118.75	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plet Silver tix Spot 6 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 1700 1800 1800 1800 1800 1800 1800 1800	387-402 385-400 385-400 384-387 90 12-91 14 514.8-623 p/8ne oz 330.60 342.15 363.60 376.70 TAL EXCENS 109.7%) 5 tonne Sep 109 61	2 2 2 2 2 2 2 5 5 3 3 3 5 5 5 5 5 5 5 5	44 5-24 34 34 34 34 34 34 34 34 34 34 34 34 34	77 2 17 18 17 18 17 18 18 18 18 18 18 18 18 18 18 18 18 18
Jul Aug Oct. Jun BRI Turnove Greates Wheat Sep Nov Jun Mary Jun Sep Nov Jun Mary Jun Der Turnove Turnove	T PUTUS Close 1372 1400 1605 1540 1598 17 161 (10 1598 165 106.85 112.50 113.90 115.90	Previous 102.0 Previous 105.6 Previo	tonnes, dex point High/Low 1370 1365 1401 1391 1503 1500 1535 1500 1635 1530 High/Low 108.05 108.112.90 112.115.75 119.00 121.00 High/Low 104.50 104.112.15 112.114.75 118.75 118.03 112.15 112.14.75 118.75 118.03	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 12 months 12 months 12 months 12 months 13 months 14 months 15 months 16 months 1700 1800 1800 1800 1800 1800 1800 1800	387-402 395-400 395-400 384-387 90-12-91 1 ₂ 514.8-623 514.8-623 514.8-623 530.60 376.70 530.60 376.70 550.60 376.70 550.60 576.70 550.60 576.70	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	4412-243 3412-243 3612-25 3612-25 361-26 377.8-32 361-36 3	77 2 17 2 17 2 17 2 17 2 17 2 17 2 17 2
Jul Aug Oct Jun BF7 Turnove GRADES Wheat Sep Jun Mar Mar Mar Mar Mar Mar Mar Turnove	r 108 (46 FF PUTUS Close 1372 1400 1605 1540 1398 r 181 (10 5 2/tonne Close 108.85 112.50 115.50 115.50 115.50 118.90 Close 104.25 108.25 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70 118.70	Previous 1375 11610 1550 1401 1550 1401 1550 1401 1550 1401 1550 1401 1550 1401 1550 1108.80 112.45 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 118.80 11	tonnes, dex point High/Low 1370 1365 401 1391 1603 1500 1635 1530 High/Low 108.05 108.4 112.90 112.1 115.75 119.00 121.00 High/Low 104.50 104.5 108.60 108.1 112.15 112.1 114.75 118.75 118.75 118.75 118.75 118.75	85 80 85 80 85	US Engle Angel Krugerrand New Sov. Old Sov. Noble Plat Silver tix Spot 3 months 6 months 12 months 14 months 15 months 15 months 16 months 1700 1800 1800 1800 1800 1800 1800 1800	387-402 395-400 384-387 90-12-91 14 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 514.8-623 515.80 516.80	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	4412-243 3412-223 3612-223 3612-223 3612-233 377-332 36100 3	77 2 17 2 17 2 17 2 17 2 17 2 17 2 17 2

851					
duë.	Ne	w Y	ork		
			oz.: \$/troy		
ane .		Close	Previous		
	Jul	386.4	386.0	385.8	395
nnė	Aug	388.6	388.4	390.3	386
_	Sep	390.9	390.6	0	0
	Oct	392.8	392.5	394.3	331
nne	Dec Feb	397.1 401.4	396.7 400.9	398,8 402.1	395 400
_	Apr	405.7	405.1	407.5	406
	Jun	410.0	409.3	410.1	410
nno	Aug	414.2	413.5	G.	0
	PLATI	PUM 50 b	roy az, \$/6	roy 02.	
		Close	Previous	High/Lo	<u> </u>
nne	Jul	515.2	511.6	517.0	510
	Oct	520.5	517.0	524.0	51 6
	Jan Apr	522.2 525.7	518.5 522.0	525.0 529.0	518. 522
nne	Jul	529.4	525.7	0	ō
	SALVE	R 5,000 b	oy oz: cen	ts/troy cz.	
		Close	Previous	High/Lor	w
_	Jul	537.7	539.3	538.0	533.
_	Αυg	541.2	542.8	0	0
	Sep	545.7 550.5	547.5 560.2	546.S	540. 553.
	<i>Dec</i> Jen	<i>558.5</i> 561.9	563.6	<i>559.5</i> 0	933.
	Mar	570.0	571.6	571.0	568.
	May	578.2	579.9	578.6	575.
	Jul	586.8 595.4	588.5 597.1	567.Q O	584. 0
	Sep Dec	607.5	609.2	ŏ	ă
			lbs; cents		
	_	Close	Previous		
					99.3
	Jul Aug	99.50 99.20	102.10 101.30	102.30 0	99.3
	Sep	98.80	100.50	101.40	98.6
	Dec	97.70	99.30	99.70	97.5
	CRUID	COLL (L)g	ht) 42.000	US galls \$	barrel
		Latest	Provious		
	Áug	20.26	20.79	21.05	20.2 19.3
_	Sep Oct	19.34 16.77	19.89 19.27	20.08 19.44	18.7
	Nov	18.45	18.86	18,99	18.4
	Dec	18.17	18.57	18,70	18.1
	Jan Feb	18.10	18.36 18.20	18.50 18.38	18.10 17.9
	Mer	17.95 18.18	18.07	18,18	18.1
_	Apr	17.92	17.96	17.92	17.9
165	May	17.84	17.86	18.00	17.8
_	HEATE	HG OIL 4	2,000 US g	ells, cents/	US gel
_		Latest	Previous	High/Lov	
	Aug	4985	5106	6150	4980
	Sep	5025 5105	51 32 61 97	5190 6250	5020 5120
	Nov	5190	5262	5305	5180
	Jan Feb	5265	6342	5370	5255
	Mar	5202 4960	5262 5087	5261 5120	5190 4980
				- 1	
_					
_	MDK				
_	HEUT			ber 16 1931	_
	I	July 5	July 4	meth ag	
	(1995.5	1993.4	1963.1	1894
	DOW	JONES (E	lase: Doc.	31 1974 =	100)
	Spot	132.95		131.29	138.9
	Future	rs 132.03	130.61	131.75	142.
	L				

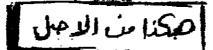
US MARKETS

99.60	102.10	102.20	99.30		C1098	Previous	HIGHLOW	
99.20	101.30	0_	0	Jul	179.75	179.75	180.50	178.00
98.80	100.50	101.40	96.60	Sep	171.35	171.80	172.00	165.05
97.70	99.30	99.70	97.50	. Nov	157,40		157.45	154.50
* OF AL	ht) 42.000 (IS colle \$/h	orrel	Jan	153.90	154.00	153.90	152.00
A URL IU	JRJ 42.000 V	20 GEIRS SC		Mer	153.50	153.40	153.50	153.00
Latest	Provious	High/Low		May	152.90	152.80	0	٥
20.26	20.79	21.05	20.24	Jul	153 00	152.80	g	a
19.34	19.89	20.08	19.30	Sep	152.90	152.80	0	Q
16.77	19.27	19.44	18.77					
18.45	18.86	18,99	18.45					
18.17	18.57	18.70	18.17					
18.10	18.36	18.50	78.10					
17.95	18.20	18.36	17.95					
18.18	18.07	18.18	18.18					
17.92	17.98	17.92	17.92					
17.84	17.86	18.00	17.84					
					icag	_		
	2.000 US ga		2 Den 19	V 11	ray	_		_
Latest	Previous	High/Low		SOYAL	EANS 5,0	ביוניה עם 100	centa/60fb t	Justiel.
4985 5025	5106 5132	6150 5190	4980 5020		Close	Previous	High/Low	,
5105	6197	525G	5120	Jul	765/0	776/4	779/0	763/0
5190	5262	5305	5180		734/4	744/4	750/0	734/0
5265	6342	5370	5255	Aug	707/4	715/4	723/0	708/0
5202	5262	5261	5190	Sep	695/0	702/0	712/0	884/0
4980	5087	5120	4980	Nov		708/6		703/0
		- 120		Jan	704/0	717/0	710/4	711/0
				Mar	711/0		724/0	
				May	715/0	721/4 720/4	730/0	715/4 715/4
				- Jul	715/4	12014	731/0	7105
CES				SOYAL	EAN OIL	60,000 lbs;	cents/lb	
TERS (Bus	e: Septemb	er 16 1931	= 10G)		Close	Previous	H(gh/Lov	
July 5	July 4	mnth ago	Yr ago	Jul Aug	21.42 21.54	21.89 22.03	21.82 22.02	21.35 21.52
1995.5	1993.4	1963.1	1994.4	Sep	21.71	22.31	22.27	21.67
104E0 (Base: Doc. 3	11 1074 - 1	 -1	Oct	22.01	22.52	22.50	22.00
JUNES (2		31 1914 - 1		Dec	22.40	22.90	22.90	22.35
132.95	132.92	131.29	138.95	Jan	22.52	23.00	23.05	22.50
es 132.03	130.61	131.75	142.36	Mar	22.80	23 30	23.40	22.80
				May	22.95	23.40	23.50	22,95



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LONDON STOCK EXCHANGE

Early rally in equities not sustained

provided the impetus for an early rally in the UK stock market yesterday but by the end of the session, weakness in the dollar stocks had dragged the sector back into negative territory. Once again, turnover was disappointing and the final picture was a ragged one.

The two-way pull in the marketplace was reflected in sharply contrasting trends among the blue chip leaders. ICI, Beecham and Glaxo were all down, as traders grappled with the erratic trading of earlier this week. But the Racal stocks staged a partial recovery after more than a week of setbacks since the UK Govern-

Accoun	t Dealing	Dutes
Tiret Dealings: Jun 19	J # 3	Jul 17
Option Declarati Jun 29	0000 Jol 13	Jul 27
Lust Deslinge: Jun 30	Jul 14	Jul 28
Account Day: Jul 10	Jul 24	Ang 7
Titre time death	ngs hery take	place from

ment disclosed plans to increase competition in the mobile phone business.

An early gain in equities in part reflected the general return to work by City traders and fund managers, many of whom had stayed away on Wednesday when London and the rest of the UK grappled

on failing to get a franchise in Mr Nigel Reed, at Kitcat &

Investors were tempted by press suggestions that Ranks Hovis Macdougall was about to be subject to a bid from Sun-ningdale, a vehicle run by Sir James Goldsmith and Mr Jacob Rothschild, the financiers. The stock climbed steadily through the day to close 24 ahead at 491p on volume of 3.1m shares, and the excitement benefited other strongly branded food stocks.

which has a 29.9 per cent stake in RHM. "Their camp is split," he said, "between those who want to make an all-out hid and those who just want to make money on the turn."
Mr Michael Landymore,

would be bard to pull off. "RHM's top management are tough fighters," he said.

Dealers spoke of a possible 550p take-out price, but Mr Landymore said that Sumingdale, and Sir James in particular, would be happy to sell the stake at £5 a share, having beight it for around £4. RHM

Potential predators are stri-

likely to win one," said Ms Bronwen Maddox, analyst with Kleinwort Benson. The advan-tages of the latter course, if Thames were the target, include Thames' library of programmes and control over sections of the ITV schedule. Ms Maddox gave Thames a worst case value of £200m - based

allowed until next year.

RHM tempts

One analyst emphasised that a bid was not the only option available to Sunningdale,

Crosthwaite agreed, saying that any attempt at a takeover

with a strike of railway work-

The picture was complicated by a very large share trade between broking houses involving a low-priced, little-known stock in the market's gamma sector - as shares in lightly-traded companies are classified. Since details of gamma trades are not disclosed until the following day, the market saw only a leap in the gamma stock trad-ing total from 69.3m shares at 8.00am to 143m at 9.00am. Such was the surprise that the mar-ket authorities took the umusual step of confirming the

figures.
Of greater interest was the

it emerged that Carlton Communications, the fastest-growing group in the sector, was discussing bids with Thames Television. The food sector, which has been an area of rich takeover pickings over the past twelve months, was also in the limelight again on market hints that the consortium headed by Sir James Gold-smith might choose Ranks Hovis McDougall for the major acquisition that it is known to be seeking.

activity in television stocks as

The market put on nearly 15 FT-SE points, with turnover helped along by these speculative situations. However, the advance ran out of support as

for the bank; at the close Lloyds were 5 down at 329p on

day's curtailed session and 373.2m on Tuesday. There was a modest gain in Consolidated Gold Fields, but turnover was light. possibility of a takeover bid.
Lloyds were upset by talk that one securities house had lowered its dividend forecast

> Continuing vague stories that Swiss confectioner Jacobs Suchard was considering a move on United Biscuts con-tributed to the latter's rise of 8 to 381p. Both it and Cadbury Schweppes, 9 better at 373p, benefited from the bid speculation over RHM.

cent stake, put on 7 to 417p.

Owners Abroad revealed

started a cyclical upturn that was more than just a bounce from contamination scares ear-lier this year. Poultry prices are firming said Hoare and the stock "is one of our favourites as a bid play without much premium in the price."

the major funds kept their

heads down ahead of the open-

ing of the Wall Street market.

When New York came in easier, London cooled off

quickly, and was struggling to

hold overnight levels at the

end of the day.

The final reading saw the

FT-SE Index at 2,161.2, a net

fall on the day of 1.7 points.

Turnover advanced smartly,

boosted by the selected specu-

lative features, bringing a Seaq volume of 516.4m shares, com-

pared with 347.4m in Wednes

closed at 194p, a net gain of Record profits of £8.76m,

FINANCIAL TIMES STOCK INDICES Since Compliation High Low Ago 127.4 83 75 85.47 85.72 89.29 49 16 96.54 98.52 (28/11/47) (3/1/75) Gold Mines 198 4 218.5 196.5 165.2 Ord. Dl. Yleid Earning Yld %(full) P/E Ratio(Net)(☆) 4.50 10.57 11.41 27.750 1349.05 • S.E. ACTIVITY 4.49 10.55 10 53 11 46 25.078 1115.86 Jul 5 Gilt Edoed Barcains 68.6

4.47 10.52 11.47 19.615 968.05 22,880 348.9 P/E Ratio(Net)(\$\phi)
SEAQ Bargains(Spm)
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Equity Bargains†
Shares Traded (mi)† 1115.90 31,514 **512,2** Ordinary Share Index, Hourly changes ●Opening ●10 am. ●11 am. ●12 pm. ●1 pm. ●2 pm. 1804.9 1801.9 1800.3 1803.0 1802.6 1802.5 ●3 p.m. ●4 p.m. 1799.7 1797.5

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148 3 1932 4 Equity Bargoins Equity Value 5 - Day everage Gilt Edged Bargai 86.7 178.4 94.3 185.4 Equity Bargains Equity Value

Goldman champions Racal

A strong recovery developed in the two Racal stocks, Telecom, and Electronics, which found buyers again from both sides of the Atlantic. The shares have been mauled recently in the wake of the UK Government's proposals for increasing com-petition in mobile telephones, and by plans at McCaw, the US cellular group, to consider reducing the terms of its offer for LIN Broadcasting in the

The most significant impetus

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for the buying was another positive circular from Goldman Sachs, the US securities house which has long championed prospects for the Racal twins. Mr Barry A. Kaplan of Goldman's New York office, said the weakness is, "an outstanding buying opportunity in the stocks." On suggestions that Racal will be excluded from new consortia bidding for mobile communications licenses, "there is nothing that precludes Racal and Cellnet (British Telecom's mobile phone subsidiary) from offering the personal communicator service under the terms of their current licences," he

Additionally, a leading UK securities houses was said to have been buying the Racal stocks on the view that they had been oversold and would respond quickly to a series of entations to UK and and US institutions which have been arranged over the next ten days. Racal Electronics shares

raced up 20 to 434p, after 436p, on turnover of 9.1m while those of Racal Telecom jumped 18 to 891p, after 394p, on Link.

Thames TV in talks Shares in the bigger television companies were set alight.
by the revelation that Thames TV was in talks that might-lean to an offer from Carlton Communications. A statement from Carlton saying that the talks were "informal" and the publicity "premature" was taken by the market as confirmation of its intentions.

'Carlton doesn't want the share price running away before clinching the deal," explained one analyst. The price closed at 493p, the high-est of the day and a net rise of 29. Cariton slipped 2 to 811p, well above the day's low of

"Cariton has 2 choices ahead of the allocation of TV franchise in 1993: try to win one itself or to buy a company.

Aitken, said Cariton might in practice have to pay up to £300m for control, equivalent to around £6 a share. He pointed out that a bid is not

foods analyst at Henderson

is agir emogg to be way in any gitempt to draw out a, white knight eald Mr Landy more, so we could have a Mexican stand off.

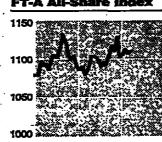
king at the property sector, arousing intense buying activ-ity and speculation over the next company to fall victim. Imry Merchant yesterday became the second concern within forty eight hours to receive a bid approach and, as in the case of Arlington Secur-

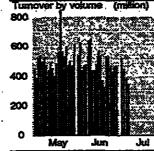
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Org., Ropner, Stockhie, Univer, Was Reave, Wylo Grp., Rebraktic (2) Ala AG, Sun Life, LEBSURE (2) Central ITV. Themes TV, PASCER (2) PROPERTY (7)

FT-A All-Share Index





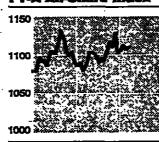
searching in vain for chies.

a prime target for predatory action but the news yesterday

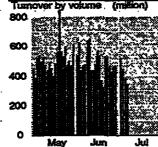
standing gains.
Two days of squeezes in Beecham were reversed, and a glut

stock early in the day and dealers took fright, marking the price down sharply, ICI closed 28 off at 1222p.

The clearing banks moved lower with the exception of Royal Rank of Scotland which pushed up 6 to 385p after the banks team at Citicorp Scrim-geour Vickers highlighted the



Equity Shares Traded



ites on Tuesday, the source of the approach was not named. Once again a veil of secrecy seemed to descend over the market with seasoned traders Imry has long been thought

still sent the shares rocketing 46 higher to 580p. Analysts have suggested that the property market focus could well shift back to the more entre-preneurial companies capable of showing above average growth, of which imry is one. The approach also triggered speculative enthusiasm for stocks in the developer/trader category and many scored out-

pushed the stock 16 lower to 632 on turnover of 2.8m shares. and higher range of 680p to 680p; said a dealer.

An agency broker was said to have offered a line of im RR

NEW HIGHS AND LOWS FOR 1989

Lloyds were 5 down at 325p on turnover of 3.8m, easily the biggest activity in the sector. Sun Life shares burst through the 511 barrier, closing 10 firmer at a year's best of 1103p as UAP, the French insurance confirmed market

suspicions that it had been increasing its stake in the UK life assurer. UAP said it had upped its holding by 750,000 shares, or 1.26 per cent, to 13.18m shares, or 22.2 per cent. But dealers were quick to point out the possibility that Sun could well take the opportunity of a strong share price to launch a rights issue. In its latest Financials Monthly, Hoare Govett, says "joint Euro-pean ventures are near fruition but such plans are likely to require additional capital at

In the meantime, Hoare adds, maintenance of the interim dividend remains under pressure; the recent rise in the share price provides an opportunity to sell.

some stage."

Beazer were outstanding in the building sector with the shares rising 5 to 181p on turnover of 1.7m; Swiss Bank Stockbroking were said to have been good buyers of the stock after issuing a strong buy note on the shares.

Body Shop was the star per-

former in the retail sector. The shares soared 51 more to a year's peak of 792p - a gain of 77p over the week. Dealers said the stock had surged for a number of reasons: a stock shortage, a recent strong buy note from County NatWest and also ahead of the one-for-one share split expected to take place in early September. British Telecom attracted

good interest and closed marof 12m shares, GEC were a cou-ple of pence ahead at 254p on turnover of 5.3m and Plessey slightly harder at 258p on 1.6m awaiting the next moves in the long drawn out and compli-cated bid battle.

Amstrad hit a bout of selling

pressure just before the close with the shares closing a net 5 off at 79p, after 77p, with a single trade of 1.2m appearing on the Seaq ticker. Electrical goods retailer Ben-nett & Fountain jumped 8%

more to 105p.

A series of presentations from Argyll since last month's results helped the shares add 7 at 219p. Mr John Woolman, analyst at Citicorp Scrimgeour Vickers, said that the programme of conversions

Presto supermarkets to Safe way is now reaping benefits

instead of costs. Unigate climbed 6 to 382p as Hoare Govett pushed the com-pany in a internal note, it said that the poultry business had

A one for 11 rights issue at 30p a share from Aberfoyle Holdings was sweetened by a 50 per cent improvement in full year pretax profits. The shares

added 2% at 47%p.

Speculation that Minorco might bid for Charter Consolidated boosted the latter 19 to 579p. Johnson Matthey, in which Charter has a 38 per

worsening interim pretax profits of £7.8m against £5.9m. The stock weakened 2 to 78p. Really Useful Group, run by Mr Andrew Lloyd Webber, jumped 25 to 660p on news that Mr Brian Brolly, the compa-ny's former MD was offering his stake for sale to a single buyer. The operation is being handled by Swiss Bank Corporation, which said that offers were invited for the entire holding at a premium." The deadline for offers is July 26. The excitement over the possible takeover of Thames TV excited other TV major. Anglia closed 10 ahead at 269p, Central added 11 at 788p and LWT

TRADING VOLUME IN MAJOR STOCKS Sainti Repail Bit of Scordant Repail Bit of Scordant Repail Bit of Scordant Saint Bit A Sainti Saint Bit A Sainti Saint Bit A Sainti Saint Bit A Sainti Sain And the state of t APARTO OFFICE OF MENDER READING

compared with £3.7m, failed to sustain the shares of FKB which back 6 to 324p. Of the other strong property features, Arlington Securities rose 6 to 279p, Town Centre

gained 6 to 111p and Capital & Counties advanced 17 to 370p. Whispers grew louder of London Securities (57p) being ready to takeover Clarke Nickolls & Coombs, up 31 at 248p. But the market showed its disappointment with profits well short of expectations from Baker Harris Saunders and lowered the shares 27 to 170p.

MAI, the financial services

and marketing combine, surged forward on substantial demand from the UK and Switzerland, with the market expecting imminent news of fresh major expansion in

the move would most probably involve Havas Media Region of France which has links with MAI by way of cross holdings between their respective subsidiaries Avenir and Mills & Allen, MAI's advertising bill-boards operation. During trade of 8m shares, MAI shares touched 109p bid before closing 6½ up on balance at 107½p.

underperform the wider mar-ket as Mr Fergus McLeod, oil analyst at BZW, the securities house cut his profits estimates for BP and Shell and recommended a switch from Shell to BP. Mr MacLeod says "there are signs of a downturn over the past month in the profitability of the downstream seg-ments of the oil majors, both

The oil sector continued to

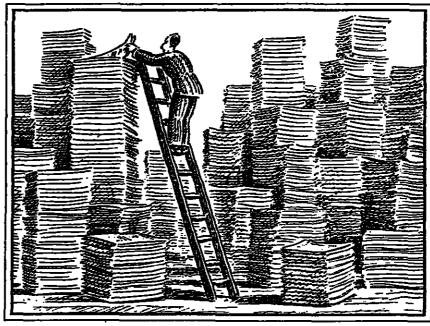
Europe. Speculation was that refining and chemicals." He adds that "prices of petrochemicals have plunged since late in the second quarter and refin-ing margins have fallen 50 per cent in Europe and the US."

The BZW estimate for Shell in 1989 has been cut from £3.825bn to £3.675bn and for 1990 from £3.676bn to £3.36bn. For BP in 1989 BZW is forecasting £1.38bn, against £1.44bn, and for 1990 is going for £1.475bn compared with the previous £1.575bn.

BP shares were 2 off at 293p on 5.7m turnover and Shell the same amount off at 414p on

Other market statistics, including FT-Actuaries Traded Options. Page 28

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APPOINTMENTS

President of SBAC

Mr Ron Howard, managing director, GEC Avionics, has been elected president of THE SOCIETY OF BRITISH AEROSPACE COMPANIES, succeeding Mr Ivan Yates, deputy chief executive (engineering), British Aerospace, who becomes deputy president. Mr Sidney Gillibrand, chairman, British Aerospace (Commercial Aircraft), was elected vice president. Mr Clive Hunting, chairman of the Hunting Group, continues as treasurer.

Mr John Stalker, formerly deputy chief constable of Greater Manchester, has been pointed a director of AMBASSADOR SECURITY GROUP. This is his first board

Mr Jo Rose has been appointed financial and administration director of WEDDEL SWIFT, Liverpool. He joins from Union Traffic, and succeeds Mr John Lycett who has moved to a senior management post at Weddel International, London.

■ FRICTEC has appointed Mr Roger Harrop as group managing director. He was group managing director, DCE Group, part of BTR.

E CRESTA HOLDINGS, Isle of Man, has appointed Mr Bill Alexander to its board with special responsibility for

Mr Graham Cooper has been appointed managing director of BIS MACKINTOSH, Luton. Mr Lawrence Hutter be sales and marketing director.

Mr Peter Newington has been appointed managing director of ANCASTA BOAT

SALES. He was managing director of Tjaereborg in the Canary Islands. m Mr John Moore has been appointed director of European operations, SHEEPA CORPORATION, Bracknell. He was international vice

Teamco Systems Innovation Europe. Mr Graham F. Crocock has been appointed financial director of DAVY MORRIS principal company of Davy Corporation's mechanical handling division,

sident for marketing at

Longhborough. # THE YORK WATERWORKS COMPANY has promoted Mr Graham Wilford, general manager, to the board.

Mr Michael Dowdall has been appointed a main board director of the NFU MUTUAL. He is a director of Unilever, and has been chairman of

BOCM-Sileock and Midland Poultry Holdings. MCKECHNIE has appointed Mr Lionel Stammers as a

non-executive director. He is

a non-executive director of

BTR

Mr Geoffrey P. Rees has been appointed world-wide sales and marketing director at PERCELL GROUP. He was meral manager for ICL in

Mr Kelth Milne has been

appointed managing director of CORPORATE RESOURCE

/LOWS (61).

ENCARE (1) CAMADIANS DO
ENTIRCALS (8) Hewister-Packard, Newson,
suis, Presson, Sar Gorp., Wholesale
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soper (7-). Lee (A.), POODS (1)
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& Soner, Linnet Grp., Mid Kent, Noble /
Lund, Optical & Med. Left., Pergamon,
Mestance, PAPEAS (1) PROPERTY (6)

"" (2) Pairme Grp., SEET, TBM

169.

CONTROL, Edinburgh, and Mr Michael Coyle becomes an executive director. **ALLIED LONDON** PROPERTIES has appointed Mr Melvyn Ansher as group managing director. He was chief executive of Beristord

Property Group, and on the

main board of Beristord

International.

Mr Max Myles has been elected president of the STONE FEDERATION.

UNIBIT HOLDINGS Bradford, has appointed Mr Emyr Hughes as a non-executive director. He is a director of Kleinwort Benson Development Capital.

🕶 Mr Kenneth J. Greig bas been appointed legal director of TEMPLETON MANAGEMENT and Templeton Unit Trust Managers, Edinburgh. He also becomes company secretary to both companies.

■ Mr Norman H. Davis has been appointed a non-executive director of APOLLO WATCH PRODUCTS. He was a director of Yale and Valor.



Mr Alan Harding (above) has been appointed company treasurer of 3M UNITED KINGDOM. He was group controller of two division

■ Mr John Knox has been appointed a director of REA BROTHERS, and has joined

the corporate finance

■ GEC CARD TECHNOLOGY has appointed Dr John Baker as managing director. He was

manufacturing manager with Texas Instruments, Bedford.

MARLING INDUSTRIES has appointed Mr Malcolm s as finance director. He joins from the group's anditors, Hacker Young, and takes over from Mr Paul n who remains managing director.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar nervous ahead of data

THE DOLLAR fell below DM1.8900 yesterday to touch its lowest level for two months, before recovering towards the close. Sentiment was driven by fears that the US Federal Reserve might cut interest rates in order to offset a per-

caived slow down in US eco-comic growth.

Much depends on the the release today of US employ-ment data. Investors are likely to make decisions on whether the US economy is heading for a 'hard landing' or whether there is little justification for a cut in rates. The US Federal Reserve however, is more likely to be swayed by the rate of inflation, and as yet, there is no solid evidence to suggest that this has reached its peak. US non-farm payroll employment in June is expected to rise by about 200,000; any figure below this may drive the dollar weaker. But a slowdown in economic activity has already been written into the dollar's value, and there is every chance that a larger than expected increase could see the US unit bounce sharply higher,

at least in the short term. Early trading in Europe saw the dollar hold above the DM1.89 level, but small scale selling in the relatively thin trading conditions scon pushed

e in hen york

7.6185-1.6195 0.61-0.60pm 1.86-1.84pm 7.14-7.04pm Sterling index

210 217 220 220 221

CURRENCY RATES rate % Drawing Rights

CURRENCY MOVEMENTS Georges % 91.9 69.8 103.2 106.7 106.3 103.7 113.3

OTHER CURRENCIES

Jely.6 | August | A the dollar below this. But the US unit came back towards the close to finish at DM1.8910 from DM1.8905 and Y139.35 compared with Y138.90. Elsewhere, it finished at SFr1.6220 from SFr1.6200 and FFr6.4075 against FFr6.4125. On Bank of England figures, the dollar's exchange rate index was 69.8

from 70.0 on Wednesday.
Sterling benefited from the
dollar's weaker tone and showed a small improvement against its European partners. The pound retains its steadier undertone but the big test of sentiment is likely to come next week with the release of next week with the release of average earnings, producer prices and industrial output. Renewed industrial unrest could also affect sentiment.

However, Mr Nigel Lawson, UK Chancellor of the Exchequer, repeated in the Houses of Commons yesterday that the Government will not allow a

fall in sterling to result in an unplanned easing in monetary policy. While this always leaves open the option of a planned easing, most traders read Mr Lawson's statement as a timely reminder that a weaker pound would probably

prompt a rise in base rates.
Sterling rose to \$1.6220 from \$1.6195 and DM3.0675 compared with DM3.0625. It was also higher against the yen at 1995 to 500 February 1995 to 199 Y226.00 from Y225.00. Elsewhere, it finished at SFr2.6300 from SF12.6225 and FFr10.3925 from FFr10.3850. On Bank of England figures, the pound's exchange rate index rose to 91.9, down from a late after-

noon peak of 92.0, The D-Mark lost ground against the French franc despite a fall in short-term French interest rates. The West German unit slipped to FFr3.3885 from FFr3.3920 on Wednesday,

EMS EUROPEAN CURRENCY UNIT RATES											
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FINANCIAL FUTURES

UK and German bonds weak

STERLING DENOMINATED interest rates will not be cut in contracts weakened on Liffe yesterday, and West German Government bonds also retreated more than wiping out

Wednesday's gains.
Long gilt and short sterling futures finished at or very near the day's lows, but market vol-ume was very thin. Mr Nigel Lawson, the Chancellor, speak-ing in Parliament reaffirmed the Government's commitment to a firm monetary policy. This confirmed the belief that UK

F-5-120 X 65-1216

LOFFE 5/5 @PTERS 625,000 (cents per £1) LONDON (LIFFE)

Estimated Volume 0 (II) Previous day's open lat. 0 (II)

Close High Low Pres. 104.18 104.25 104.11 104.05 103.65 103.67 103.67 103.93

NTH ENGLAN 93.02 93.03 93.15 93.24 93.10 93.09 93.20 93.24

folksme 3367 (5148) y's appeal int. 15518 (16219) iggi EX Iggi EX Close High Low Pres. 2173.0 2182.0 2170.9 2173.0 1-mth. 3-mth. 6-mth. 12-mth. 1-6159 1-6037 1-5845 1-7517 High Low Pres. 1.6108 1.6024 1.6154 1.5904 1.5840 1.5964 - 1.5650 1.5784

MONEY MARKETS

London rates steady

THERE WAS very little change in London money market rates yesterday. Sterling held steady on the foreign exchanges, underpinning the recent improvement in sentiment, but relatively high UK inflation means there is little expectation of lower bank base rates in the foreseable future. in the foreseeable future. Three month interbank opened at 14-13 per cent and closed at the same level, compared with 14-13% per cent on Wednesday. The Bank of England ini-

tially forecast a money market credit shortage of £500m, but

UK deering bank base tending rate

revised this to a shortage of £550m at room and to £600m in the afternoon. Total help of £579m was provided.

Before lunch the authorities bought \$28m bank bills in band 1 at 13% per cent. In the afternoon another £206m bills were purchased, via £147m Treasury bills in band 1 at 13% per cent and £59m bank bills in band 1 at 13% per cent. Late assistance of around £345m was also

provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £352m, with a rise in the note circulation absorbing £90m and bank balances below target £200m. These factors outweighed Exchequer transactions adding £165m to liquidity.

In Madrid the Bank of Spain raised its money market intervention rate to 14½ per cent from 13% per cent. This is the rate at which the central bank lends funds overnight funds to lends funds overnight funds to commercial banks and is Spain's nearest equivalent to a discount rate. The rate was last raised on March 3, and yesterday's move was seen as a reaction to last week's increase in many European interest

In Frankfurt call money continued to ease, following this tinued to ease, following this week's generous supply of liquidity at the Bundesbank's securities repurchase agreement tender. Rates began to fall on Wednesday after the Bundesbank injected a net DM6.5hn into the banking system at the tender. This was taken as a sign that the authorities want the call rate lower to reduce the amount of horrow-

reduce the amount of borrowing from the 7 per cent Lombard emergency facility.
Yesterday's fall in the call
rate to 6.80 per cent from 6.85
per cent was also the result of
speculation that West German rates have peak

In Paris call money fell to 94 per cent, after dipping to 94 per cent late on Wednesday from an earlier level of 92 per cent. Credit conditions improved after banks drew down funds from Wednesday's emergency funding by the Bank of France. The central bank added FF12.64bn via five to 10-day repurchase agreeto 10-day repurchase agree-

FT LONDON INTERBANK FIXING (11.00 a.m. July.6) 3 months US dollars aller 94

MONEY RATES Treasury Bills and Bonds NEW YORK 7.88 7.96 8.04 7.93 7.97 7.95 l wechtime July 6 6,75-6,85 91-91 63-63 6,94-7,06 43-53 121-122 9,45 71-71 6.85-7.00 93-94 7-74 6.96-7.06 134-13 83-84 94-94 685-7.00 914-914 914-914 6.95-7.10 92-92 7.00 8.75

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LONDON MONEY RATES											
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Tressary Billis (sell); one-mouth 13 g per cent; three months 1313 per cent; Bank Bills (sell); -month 1312 per cent; three months 1313 per cent; Bank Bills (sell); -month 1312 per cent; Tressary Billis; Average Lender rate of count 13.6226 p.c. ECED Fixed Rate Sterling Export Finance. Make up day June 30 1989 count 13.6226 p.c. ECED Fixed Rate Sterling Export Finance. Make up day June 30 1816 p.c. ender rate for period July 26, 1989 to August 25, 1989 Scheme II 44, 90 day June 30 1886 p.c. Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c. Local Selections rate for period June 1 to June 30 1989, Scheme IV&V. 14.175 p.c											
thorny and rinking in te 14 from July 1 ,	1989: Bard	Deposit R	ites for sup	is at seven	days notice	4 per cent.					

average earnings and retail prices. Short sterling for threemonth delivery opened at the day's peak of 86.17 and closed at the low of 86.05, September long gilts opened at 94-19 and touched a peak of 94-24, before falling to a low of 94-08 and closing at 94-09, against 94-26 previously.

the near future. Traders tended to take a defensive view ahead

of next week's figures on UK

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LIFFE SHORT STEELING LIFFE EINSOGLLAG OPTI Clas colets of 188% Estimated valume total, Calls 225 Puts 102 Previous day's come lat. Calls 4641 Puts 3451 PHILABELPHIA SE (45 OPTIBAS C31,250 (csds pe 51)

CHICAGO

Latest High Low Prev. 0.5328 0.5338 0.5303 0.5343 0.5341 0.5341 0.5324 0.5363 U.S. TREASURY BILLS OF 10W 92.84 93.13 93.33 High 91.53 91.78 91.95 91.84 91.33 91.46 91.39

EUROPEAN OPTIONS EXCHANGE 510

FI. 304.94 FI. 304.96 18.1450 11.50 5.20 4.230 4.230 15.70 15.70 15.70 1.70 2.20 8.60 17.20 1080 572 339 1713 508 12508 10574 508 10574 508 10574 508 10574 508 10574 508 10574 508 10574 508 10574 508 10574 508 10574 508 10575 1057 7 b 11 b 7.100 1.90 0.570 1.700 a 1.0.20 1.500 a 1.500 a 1.570 1.570 1.570 1.570 5.30 7 9 11.80 14.50 4.20 2.30 3.70 6 255 383 86 37 30 5 6.70

2.60 21.10 21.10 14.50 3.80 3.40 40 4.30 3.70 6.30 7.60 5.30 5.30 289657-27-4-2 373 248 14 7 22 92 TOTAL VOLUME IN CONTRACTS: 60.570

BASE LENDING RATES

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Nerwich Gen. Trust 14
PERVATURATER Limited 14
Provincial Bank PLC 15
R. Rankael & Soos 14
Rondurghe & Soos 14
Rongal Trust Bank 14
Gonita & Williams Sess 14
Standard Chartered 14
TSB 14
United Bk of Kustaft 14 Adam & Company

AAB - Allied Arab Bk

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HIC Bank plc. Authority Bank

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Medionnell Douglas But Member: of British Merchant Banking & Securities Houses Association, * Deposit now 5.9% Savevine 8.5%, 100 Ter-£10,000-lusiant access 12.8% & Mortage base rate. § Deniand deposit 9%. Mortage 13.25% - 14% Brown Shipley
Business Migg Tst
Cl. Bank Nederland Central Capital
Charterhouse Bank
Citibank NA

The Financial Times proposes to publish these surveys during 1989

Sept 22 Oct 27 Nov 3 **Nov 17**

Rumours of a spate of Euro-sterling issues added to the downward pressure, in expec-tation that this will lead posi-tion hedging via sales of gilts. German Government bonds for September fell to 95.21 from 95.55, after touching a high of 95.60. The decline followed dis-aunointment at an unward

appointment at an upward

revision to 0.2 per cent from unchanged in June German

cost of living, taking the year-on-year inflation rate up to 3.1

City of London Property Retail Property Property in Birmingham Property Research & Information Systems

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FINANCIAL TIMES

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I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 An AFBD member Reuters Code: IGIN, IGIO FT 30 FTSE 100 WALL STREET
Jul. 1785/1794 -9 Jul. 2150/2160 -8 Jul. 2455/2467 -3
Sep. 1798/1807 -9 Sep. 2166/2176 -8 Sep. 2471/2483 -2 WALL STREET

Prices taken at 5pm and change is from previous close at 9pm

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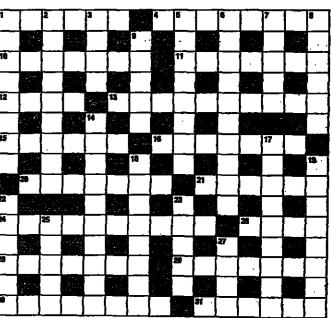
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CROSSWORD

No.6,979 Set by VIXEN



ACROSS 1 Copper absorbed in scholar's calculator (6) 4 Duty-free (8)

10 Ads composed by a head in the depression (7)
11 Shout out of right (7)

12 A woman showing compassion (4)
13 The president's laundry not returned (10)
15 Wanted to stop holding con-

test (6)

16 An opening for original singers (7)

20 Like the record? Twitch to it to get healthy (7)
21 Dicky is tart and difficult (6)

24 Many retired before time

— it turned on the allowance made (10)

26 An expression seen in winter mainly (4)
28 The canting type (7)
29 A look of malevolence (4-3)
30 Restrained note the revolu-

tionary's written (6)
31 Resolve to secure a seat (6)

1 Insisted on a desert's being made use of (8)
2 Extras - a wealthy individual receiving a great many, it appears (9)

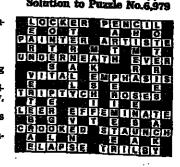
3 A person exercising requires some house-room (4) 5 The panel called for a trumpeter (8)

6 Instant estimate given "Fair to middling" (64) 7 Cook needs the right sort of oven (5)

oven (5)
8 insist on the minister holding up call (6)
9 Writing, having points to express (5)
14 Gather tribute of value, not for the first time (10)
17 Account for amendment to testament (8)

17 Account for amendment to testament (3)
18 Repugnance exhibited by good man — a good man in decline (8)
19 Impressed over Eastern flight (8)
22 Not all restrictions are exactly observed (6)
23 A disheartening device (5)
25 The French social worker is bent! (5)

bent! (5) 27 Don't expose the skin (4) Solution to Puzzle No.6,979



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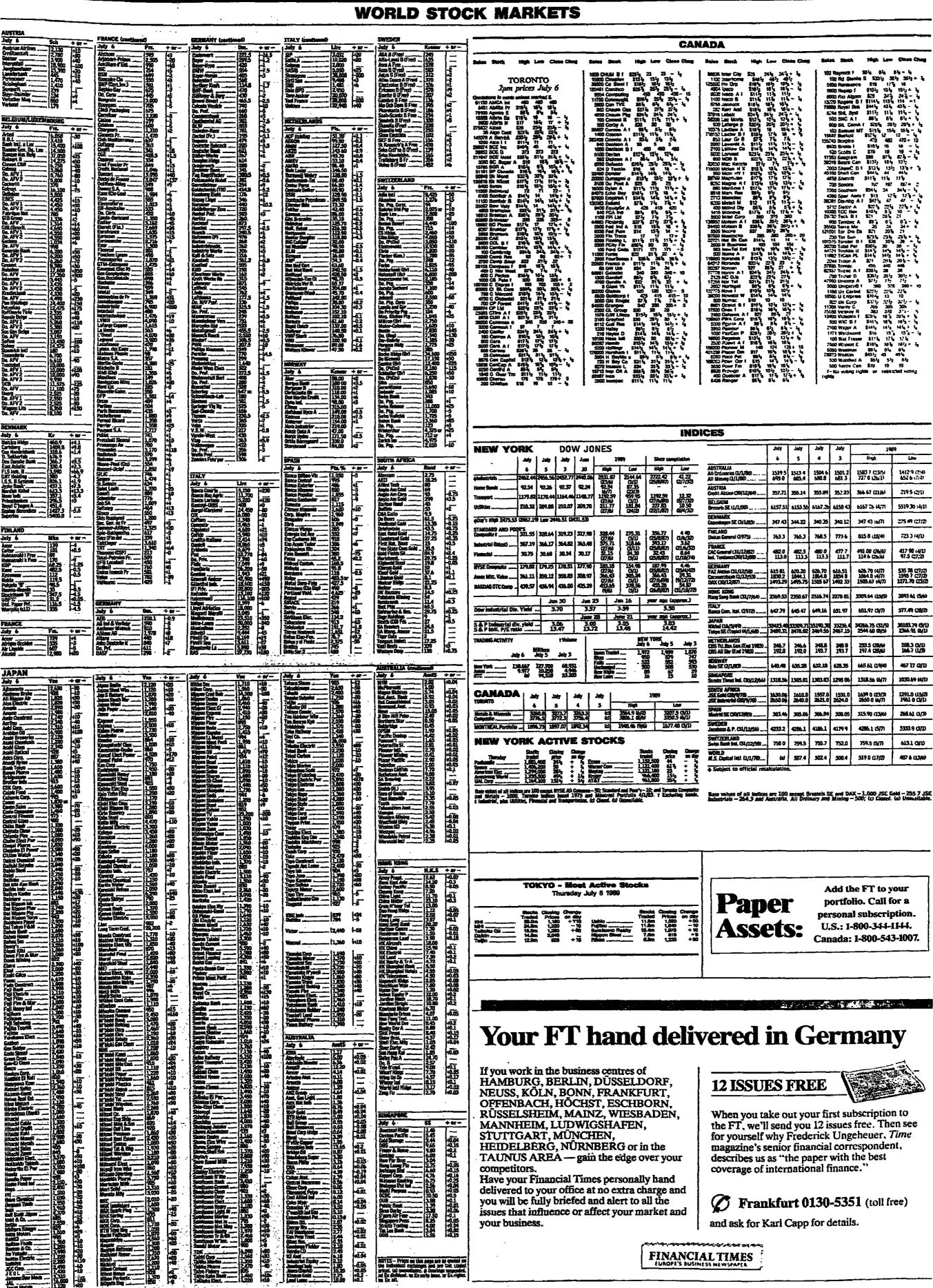
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FINANCIAL TIMES

YORK STOCK EXCHANGE COMPOSITE PRICES

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NYSE COMPOSITE PRICES 12 Month P/ Ste 185h Low Stock DN: YNLE 1996/199h Low Continued from previous Page

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rebound prompts modest Dow gain

Wall Street

AS THE dollar and Treasury bonds rebounded, the Dow Jones Industrial Average also rose but its gains were modest and trading very subdued, writes Janet Bush in New York.
The Dow closed 5.88 points higher at 2,462.44 on low volume of 141m shares. The broad-

er-based Standard & Poor 500 index was marginally higher but large capitalisation issues were outperformed by second-ary indices such as the Ameri-can Stock Exchange Index and the Nasdaq Composite, which both registered lively gains. The dollar appeared yester-

day to have found support at sharply lower levels although in late trading it was quoted off its highs. It stood in New York at Y138.90 and DM1.8880, well above earlier lows of Y137.85 and DM1.8790. This helped bonds to gains at the long end of the yield curve of

as much as ½ point.
Equities failed to profit much overall from these movements in subdued trading in advance of today's US unem-ployment figures for June which are expected to show a gain in the non-farm payroll of just over 200,000. Although this appears larger than the gain of only 101,000 in May, June includes an unusually long five-week reporting period. A figure of around 200,000 would be seen as evidence of more economic weakness and pave the way for another easing in monetary policy by the US Fed-

Despite widespread hopes of another % point cut in the Fed Funds rate, equity investors remain on the defensive because of fears that the economy's deceleration indicates a

There was a hint yesterday in the Fed's money market operations that an easing operation may already be under-way. The Fed decided not to drain liquidity from the banking system, suggesting to some bond analysts that the Fed Funds rate target is being nudged downwards. Among blue chip issues, International Business

NYSE volume Daily (million) 225 200 8 150 Average dall-125 161,460,000

Machines was quoted \$1/2 lower at \$111%, American Telephone & Telegraph added \$% to \$35% and General Electric was \$%

50

lower at \$52%. Retailing stocks were mostly a touch higher as store chains reported their June sales figures. J.C. Penney was up \$% at \$56%, F.W. Woolworth added

8% to \$52 and Sears, Roebuck added \$% to \$44%. Among featured individual issues, Vista Chemical jumped \$2 to \$46 % after the company said that it had completed fin-

said that it had completed inf-ancing agreements for its pro-posed restructuring. Rohr Industries gained \$¼ to \$28½ after news of its agreement to form a joint venture with Hercules for the development of aerospace components.

Wall Street securities houses were generally higher on expectations of earnings improvements following higher volume in bond and stock markets during the second quarter.

TRADING was quiet and essentially featureless as the Toronto market closed slightly higher. The composite index rose 4.20 to 3,776.5. Advances led declines by 382 to 267 on volume of 24m shares.

SOUTH AFRICA

AFTERNOON profit-taking trimmed early gains by gold shares in Johannesburg, but ported by the bullion price.

Dollar and bonds Corporate developments enliven lacklustre trading

COMPANY news and rumours kept trading alive in a thin day for most bourses, writes Our

FRANKFURT suffered a touch of nerves in the morning in anticipation of today's US in annerpation of today's Us jobs data, but losses were trimmed later. Shares ended lower, though one analyst described the fall as a "techni-cal consolidation in an otherwise positive market, combined with slightly increased caution about the effects of a

possible US recession."
The midsession FAZ index In midgession FAZ index lost 4.39 to 615.81, while the closing DAX index fell less heavily, ending 2.06 lower at 1.485.23. Turnover was thinner than of late, but remained active at DM5bn.

It was a busy day for corporate news. BMW, trading ex a DM12.50 dividend, fell DM7.50 to DM554 after announcing a large, but expected, 21 per cent

NATIONAL AND REGIONAL MARKETS

(Figures in parenth

Australia (84)

Belgium (63) Canada (123)

Denmark (38)

Japan (455) Malaysia (36) Mexico (13) Netherland (42)

New Zealand (24)

Singapore (26) South Africa (60) .

Europe (1005) Nordic (125) Pacific Basin (674)

North America (678)

United Kingdom (314)

Euro - Pacific (1679)

North America (6/3) Europe Ex. UK (681) Pacific Ex. Japan (219) World Ex. UK (2116) World Ex. UK (2116) World Ex. So. Af. (2370) ... World Ex. Japan (1975) ...

The World Index (2430) ...

Finland (26)
France (128)
West Germany (100)
Hong Kong (49)
Ireland (17)
Italy (97)

rise in group sales. VW, whose Audi subsidiary said US first-half sales had fallen 20 per cent, lost DM5 to DM422. Thyssen picked up DM2.50 to DM230.50 in active trading, rising further in the after market.

The steel company rejected a recent study suggesting the outlook for steels in the second half had clouded and predict-ing a bad 1990. Kaufhof, the retailer, lost

DM3 to DM505 after saying department store sales were down but overall sales up in the first half.

AVA, a relatively small supermarket company, was suspended at DM1,429 after the previous day's annual general meeting at which a faction of hostile shareholders voted against the election of the board. The company has risen from a year low of DM840. PARIS had another very quiet day, with many investors

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World indices as at JUNE 30, 1989 are expressed below in millions of US dollars and as a percentage of the

The percentage change for each Dollar index value since the end of the calendar year is also

1.25 0.10 0.64 2.21 0.29 0.08 2.42 3.07 0.64 0.11 1.45 40.72 0.08 1.29

0.19 0.66

20.77 0.80 43.03 63.80

35.47 11.91 2.31 66.74 91.14

59.28

100.00

* The Financial Times Limited, Goldman, Sachs & Co, and County NatWest Securities Limited. 1987

World Index. Similar figures are provided for the preceding quarter

as at JUNE 30, 1989 (USSm)

82528.

6692.3 41847.6

145589.8

19132.0 5170.5

159614.6

41957.7 6999.0

95355.6

2681976.6 6014.0 5103.2

9006.4 5206.0 12565.8 43335.9 64470.3 23154.1 69354.2

583492.2 2190423.9

1367693.4 52662.6 2834049.1 4201742.5 2336013.7 784201.2 1520721.8

4395771.3

6002703.0

6542859.4 3904218.7

6586195.2

and dealers winding down for their summer holidays or pre-paring to escape next week's mammoth bicentenary celebra-tions in the capital. Turnover was estimated at FFr1.4bn, about Wednesday's level.

Share prices crept up, with little news to provide direction. Moulinex was the most active stock, rising FFr5.50 to FFr149 on 322,000 shares traded, amid talk of buying from Swiss investors interested in the fate of the stake held by the com-pany's ageing founder. Mouli-nex denied that a foreign group was targeting it for takeover, pointing out that Moulinex employees held 60 per cent of the voting rights.

Car components maker Valeo dropped FFr39 to FFr782 on heavy turnover of 124,000 shares after a highly regarded Paris brokerage downgraded its view of the company and its earnings outlook, Cérus, which

1.30 0.08 0.50 0.207 0.25 0.08 2.31 2.83 0.82 0.11 1.39 44.07 0.05 1.22 0.14 0.07

0.17 0.59 0.87 0.33 0.94

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138610.8 16553.6 5462.9 154448.6 188894.9

7324.2 92590.2 2945201.2 4824.1 3301.5 81242.8

9188.8 4810.0 11514.1

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1352009 2

48882.7 3111973.1 4463982.3

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6643764.9

3738242.8

6683444.0

change in S index since DECEMBER 30, 1988

- 10.72 + 26.33 + 59.56 + 5.48 - 2.81

+ 27<u>.22</u> + 29.72

+2.12 +15.86 -10.57

owns 28 per cent of Valeo, dropped FFr7.90 to FFr442.10. The OMF 50 index was 0.05

higher at 495.18 and the CAC 40 index gained 0.41 to 1,737.57. MILAN gained ground towards the close, ending higher in slightly better vol-ume estimated at L200bn. The Comit index gained 2.32 to 647.79. Rumours of a share swap lifted BCI bank L130 to L5,150 and insurance stock enerali L490 to L42,900. AMSTERDAM ended mixed

in subdued trading after selec-tive gains helped offset more falls in the chemical and publishing sectors. The CBS tendency index was off 0.3 at 185.2. Nervousness over the US

economic outlook kept chemical stocks under pressure because of their perceived vulnerability to a recession. Akzo eased 90 cents to Fl 143.60, well off its lows, while DSM lost F1 line KLM added 10 cents to F1 48.80 amid news of a higher

June load factor. ZURICH started off well, but declined as investors took profits, especially in big blue chips. An analyst said there had been reasonable demand for bearers, however, suggesting foreigners had been active. The Crédit Suisse index eased 4.9 to 616.5.

MADRID was taken a little aback by the Bank of Spain's increase in its benchmark money market intervention rate. One analyst said the rise from 13.75 per cent to 14.50 per cent was slightly more than the market had been expecting. The general index lost 1.65 to

303.46 in fairly quiet turnover. Oil stock Repsol rose 3 percentage points to 429 per cent of par on bargain-hunting.

BRUSSELS ended mixed to

will merge it with Union Min-ière. ACEC finished up BFr10 at BFr490 on exceptionally heavy turnover of 56,900 shares, after hitting an opening high of BFr516. SGB itself firmed BFr5 to BFr3,055 on busy turnover of 77,300 shares.

STOCKHOLM climbed to a per high in better values as

Attention focused on ACEC.

the engineering holding com-pany, following news that Société Générale de Belgique

new high in better volume as investors picked up car stocks after positive sales figures. Saab-Scania's free Bs rose SKr5 to SKr545 and Volvo's free Bs added SKr6 to SKr452.

Skandia, the insurance com-pany, and Svenska Handelsbanken, the banking group, said they were establishing a joint firm in London to specialise in management buy-outs. BRUSSELS ended mixed to Skandia's AB frees were firmer with the cash market unchanged at SKr238 while

Weak Pacific area keeps world's gains in check

Alison Maitland on second-quarter stars and losers

7 ORLD stock markets made only limited progress in the second quarter of this year, as weakness in the Pacific region offset gains in North America and Europe.

After a rise of 6.1 per cent in the FT-Actuaries World Index during the first quarter, world markets ended the second quarter only 2.9 per cent higher overall in local currency terms. This does not compare too unfavourably, however, with their 3.9 per cent advance in the same

period of 1988. For a third successive quarter, Nordic countries outpaced the rest of the world, with a 22.2 per cent jump in Denmark and an 8.2 per cent gain in Sweden helping to drive the regional index up 11.3 per cent. Denmark's buoyancy follows a 6.7 per cent rise in the first quarter and puts the market among the world's best per-formers this year. Norway, which had soared 32

per cent in the first quarter, lost a bit of steam, although it still rose 5.5 per cent. But Finland lagged way behind with a 3.2 per cent fall.

At the other end of the scale, the Pacific region excluding Japan suffered a drop of 5.4 per cent, largely because Hong Kong lost more than a quarter of its value as the bloody events in China unfolded. Other markets in the region fared better, with Australia rising 6.3 per cent and Singapore and Malaysia both gaining 9.5 per cent as investors switched

funds around the region. Japan proved a serious drag on the World Index because of its heavy weighting. The market lost 1.6 per cent in the second quarter after a 4.5 per cent advance in the first three months of the year. Interest-ingly, Japan had a poor second quarter last year as well, rising only 0.6 per cent, even though its advance during 1988 as a whole was a remarkable 39.5

The impact of Japan's weakness on world performance in the past quarter is shown by comparing the rise of less than 3 per cent in the World Index with the 6.3 per cent advance by the World excluding Japan. The Japanese share of world capitalisation fell from 44 per cent to 40.7 per cent during the

per cent.

quarter, while that of the US rose from 30.5 per cent to 33.3 per cent.

North America enjoyed a slightly better second quarter. as shares added 7.8 per cent after a rise of 6.1 per cent in the first three months. The US was the driving force with a healthy 8 per cent gain, while Canada was up 4.7 per cent. Cnly four of the 24 markets

covered by the FT-Actuaries World Indices ended the quarter lower – Hong Kong, Japan, Finland, and Ireland, which lost 1.8 per cent after a 14 per cent leap in the first quarter. The best performers were Mexico, which surged 61.9 per cent after a restrained 7.7 per cent gain in the first quarter followed by Denmark, Austria (12.3 per cent) and West Germany (10.6 per cent). The German performance compares with a virtual standstill in the first quarter of this year and a

rise of 4.8 per cent in the sec-ond quarter of 1988.

The UK edged up only 2.7 per cent, but sterling investors. who had their money in continental Europe would have enjoyed a particularly strong gain of 13.8 per cent.

June, 1989

Japanese buyers play 'kaleidoscope' game

yen kept a flicker of buying interest alive yesterday, but trading was directionless and

highly mixed, writes Michiyo
Nakamoto in Tokyo.

Extending Wednesday's rally
and encouraged by the yen's continuing recovery against the dollar, share prices opened substantially higher. However, following a recent pattern and reflecting the lethargy that has plagued the market, they lost momentum by mid-morning. The Nikkei average, which

had risen 206.32 in early trading, fluctuated between a high of 33,516.03 and a low of 33,347.83 before closing 113.77 points up at 33,423.48.
Advances led declines by 515

to 369 while 199 issues were unchanged. Turnover fell back to 567m shares against 666m traded on Wednesday. The Topix index of all listed shares gained 11.29 to 2,489.31. In London trading, the ISE/Nikkei 50 index shed 0.21 to

Investors rushed from issue

NATIONAL AND REGIONAL MARKETS

The World Index (2430)...

Australia (86 Austria (19)...

to issue in a desperate attempt

focus of buying changing almost every 10 min-utes," said Mr Masami Okuma at UBS Phillips and Drew. The positive interpretation

of the trading activity was that it represented cyclical buying, but the consensus was that it reflected the present market's

lack of direction. lack of direction.

The main factor behind this was the low level of participation by institutions, which stayed away because of concern about the forthcoming upper house election of the Diet (Parliament) and the effects its outcome could have

on the ven. Short term profit-taking was the name of the game. High-technology issues, which had performed well recently, were mixed yesterday. Sony was strong again, adding Y60 to Y7,930, while Toshiba lost Y10 to Y1,380 and NEC retreated

Y20 to Y2,010. Even large capital shipbuild-ings, which had made striking gains on Wednesday on the back of rising domestic demand and improving busi-

THURSDAY JULY 6 198

120.36 129.30 193.56 129.99 113.01 84.54 90.25 126.92 79.61 184.22 189.04 234.81 111.19 199.00 138.35 156.67 132.73 119.78

111.84 154.24 159.84 140.72 120.26 98.54 107.49 140.36 132.02 132.03 116.88

132.07

Currency index

123.68 128.60 122.05 211.45 124.27 90.93 98.84 136.22 89.05 158.25 191.20 689.53 118.26 60.77 178.21 144.53 133.77 136.63 163.66 84.40 132.73

116.41 157.28 154.42 139.18 130.50 106.32 106.56 138.76 136.45 136.11 124.79

136.09

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Day's Change %

+1.029 +1.029 +0.04 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03 +0.03

133.60 126.01 131.68 141.46 211.76 142.22 123.64 92.49 98.73 138.86 87.10 179.66 184.93

122.36 168.75 174.88 153.95 131.57 107.81 117.60

144,49

39m shares. finished Y10 higher at Y1,180 after reaching

a high of Y1,200 earlier.
Mitsubishi Heavy Industries
fell back, finishing Y10 lower at Y1,220. It was second most heavily traded, with 24.8m

Interest fixed on natural resources issues, particularly Teikoku Oil, which rose to third place on the most actives list with 15.9m shares traded. It

surged Y60 to Y1,280. In Osaka, interest focused on issues that are likely to benefit from greater domestic demand. The OSE average advanced 97.23 to 32,887.67 although voiume shrank to 44m shares against 75m.

Reundup

LEADING Asia Pacific markets had a robust day, but the vola-tile Taiwan exchange took a

US Dollar Index

133.20 124.58 130.38 141.19 207.77 141.95 123.42 92.83 97.86 137.89 86.75 179.38 182.04 157.79 153.21 151.71 169.32 84.71 144.86 130.65

122.23 166.37 174.56 153.71 131.20 107.74 116.89 153.32

144.15 144.15 127.57

144.21

5.15 1.95 4.26 3.159 1.65 3.05 2.54 3.05 2.50 2.51 4.38 6.1.45 4.07 2.28 4.45 2.24 4.45 4.45

3.54 1.80 0.73 1.64 3.44 2.87 4.92 1.72 2.07 2.27 3.53

2.28

+0.5 +0.6 +0.2 +0.2 +0.3 +0.9 +0.5 +0.5 +1.4 +0.1 +0.1 +0.7 +0.7 +0.8 +0.3

+0.0 +0.8 +0.5 +0.3 +0.0 +0.7 +0.3 +0.3 +0.3

+0.3

DAY JULY 5 1989

Local Currency Index

115.26 128.29 121.81 208.90 128.34 124.14 97.95 138.24 88.65 157.49 168.60 60.53 174.38 142.67 137.23 142.67 137.23 182.55 182.65 132.72 130.72

116.44 156.08 153.66 138.72 130.13 106.36 105.84 138.32 136.00 135.69 124.56

Pound Sterling Index

121.94 114.05 119.25 199.21 199.21 1129.95 1129.95 1129.95 1129.95 1129.95 1166.65 1166.65 1140.26 1140.26 138.89 155.00 155.00 155.00 119.62

111.90 152.30 159.80 140.72 120.11 96.63 107.01 140.36 131.96 131.97 116.79

132.01

HONG KONG had its third encouraging day in a row, with share prices rising in heavier trading. The Hang Seng index gained 18.86 to 2,369.53 in turn-

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the institute of Actuaries and the Faculty of Actuaries

to keep things going and to ness prospects, turned weaker. reap profits while they could. Kawasaki Heavy Industries, since mid-June — as hopes of first on the volumes list with

by gold and resources issues and special situation stocks. The All Ordinaries index gained 6.1 to 1,519.5. Turnover rose to 110m shares worth

Hooker Corp. the property group, surged 11 cents, or 23 per cent, to 58 cents after FAI sold its 8.5 per cent stake. FAI

gained 2 cents to A\$2.77. Bond Corp fell a further 8 cents, or 11 per cent, to 64 cents after Merrill Lynch lowered its "equity opinion" of

the group.
SINGAPORE rose to a postcrash high as demand grew from institutions and individu-

als for blue chip issues.

The Straits Times industrial index gained 13.55 to 1,318.56, up from its previous post-crash high reached a week earlier Turnover improved to S\$102m from S\$92m on Wednesday. TAIWAN fell as rumours

spread of fund withdrawals and of the suspension of a securities firm. The weighted index lost 328.21, or 3.7 per cent. to 8,632,31.

1989 High

157.12 126.01 137.10 141.80 211.76 159.16 123.84 92.83 140.33 151.36 87.10 200.11 185.03 271.98 122.22 76.02 198.39 161.92 153.21 155.17 171.34 84.71 153.83

122.36 168.75 194.72 164.22 134.17 107.81 137.65 162.77 146.04 145.85 128.01

1989 Low

128.28 92.84 125.58 124.67 165.35 125.81 112.57 79.56 86.41 125.00 74.97 164.22 143.35 153.32 124.57 115.35 124.57 115.35 113.84 67.81 133.28 133.28 133.28

145.31 86.83 118.72 128.38 131.02 128.98 99.18 78.07 110.86 137.56 71.76 164.43 144.41 167.18 105.96 78.87 123.20 123.20 123.20 123.20 151.76 119.63 81.16 132.72 110.94

107.42 115.20 161.46 139.87 111.87

91.65 125.78 139.36 127.92 128.34 111.04

136.68 128.33

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Issue Price 101% per cent.

Bankers Trust International Limited

Credito Italiano

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SNP4010 =